THE INVESTMENT MAGAZINE

by: PROVEN Investments Limited

SEPTEMBER 2019 EDITION

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

PROVEN INVESTMENTS LIMITED REPORTS UNAUDITED FINANCIAL RESULTS

The Board of Directors of PROVEN Investments Limited ("PIL") is pleased to report its Unaudited Financial Statements for the six months ended September 30, 2019.

FINANCIAL HIGHLIGHTS

US$23.79 million	—	Net Profit attributable to shareholders
US$0.038	—	Earnings Per Share
US$648.20 million	—	Consolidated Total Assets
45.92%	—	Annualized Return on Equity
46.90%	—	Efficiency Ratio
US$0.0056 per share	—	Quarterly Approved Dividend

FINANCIAL PERFORMANCE

PROVEN Investments Limited (PIL) registered an extraordinary performance for the six-month period ended September 30, 2019. This emanated from strong double-digit growth in core business operations, as well as the extraordinary gain from the partial sale of its holdings in Access Financial Services Limited (AFSL). Net Profit attributable to Owners of the Company (NPAO) for the period amounted to US$23.79 million, while NPAO adjusted for the extraordinary gain and associated charges amounted to US$5.81 million, this represents a 49.42% increase from the US$3.89 million earned in the same period last year. The strong core operating performance for the period under review reflects the Group's commitment to strategic initiatives aimed at optimising value created and extracted from all portfolio companies. This materialized in the form of organic growth in key revenue lines which was further supported by cost synergies and efficiencies gains across the businesses.

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PREFORMANCE DRIVERS

PIL operates under three distinct business strategies, namely; (1.) Private Equity (Financial Services and Real Sector), (2.) Real Estate and (3.) Treasury/ PIL Proprietary:

1. Private Equity

Proven Wealth Limited

PWL reported Profit Attributable to Equity Holders of US$1.64 million for the period ending September 30, 2019, contributing 7% to the Group's NPAO. Revenues generated by PWL totalled US$5.56 million with Net Interest Income and Other Income accounting for 24% and 76% respectively. Pension Management Income, Securities Trading and Fees and Commission were the top performing line items during the period. Total Administrative and General Expenses amounted to US$2.81 million, accounting for 17.14% of total Group Operating Expenses. Total assets as of September 30, 2019, stood at US$130.43 million.

PWL continues to focus on its strategy to grow its off-balance sheet wealth and advisory management business by offering innovative investment solutions to clients. The reduced reliance on the repo business model is evident by the more than two -thirds of revenues generated from non-interest income line items. PWL is also focused on improving its operating efficiency aided by the adoption of improved technological solutions throughout the business. PWL and PROVEN Fund Managers Limited (PFML) were merged as of April 1, 2019. This merger is already producing synergic gains supporting greater value extraction from this portfolio company.

Access Financial Services Limited

AFSL contributed Net Profit after Tax of US$2.11 million and Profit Attributable to Equity Holders of US$0.92 million in respect of the 49.72% ownership over the period. This performance contributed 3.85% to NPAO. Revenues generated by AFSL totalled US$8.29 million with Net Interest Income and Other Income accounting for 66% and 34% respectively. AFSL was a major contributor towards Net Interest Income accounting for 63.18% of the US$8.60 million in Net Interest Income reported by the Group. Fees and Commission accounted for US$2.55 million of the US$2.85 million reported for Other Income, this emanated primarily from ASFL wholly-owned subsidiary Embassy Loans. Total Administrative and General Expenses amounted to US$6.13 million, accounting for 37.34% of total Group Operating Expenses.

The company's loan portfolio stood at US$35.06 million as of September 30, 2019, representing a 36.26% increase when compared to the balance as of September 30, 2018. The significant increase in the company's asset base reflects its acquisition of Embassy Loans Limited, a micro-financing outfit with operations in the US, along with organic growth in its core AFSL loan portfolio. Despite the competitive and regulatory landscape, AFSL has embarked on strategic initiatives to ensure that its' contribution to the Group's profitability is sustained.

BOSLIL Bank Limited (BOSLIL)

PROVEN Investments Limited currently owns 75% of the equity of BOSLIL Bank Limited. BOSLIL experienced another successful period, as Net Profit after Tax totalled US$3.17 million, resulting in US$2.38 million in Profit Attributable to Equity Holders being realized. This contributed 9.60% to the Group's NPAO. Revenues generated by BOSLIL totalled US$5.75 million with Net Interest Income and Other Income accounting for 57% and 43% respectively. BOSLIL contributed 38% to total Net Interest Income reported by the Group. Gains on Securities Trading was a top performer within this Subsidiary, accounting for 47.77% of total Securities Trading reported by the Group for the period.

Total Administrative and General Expenses amounted to US$2.58 million, accounting for 15.69% of total Group Operating Expenses. Total Assets of the Bank as of September 30, 2019, stood at US$281.59 million. BOSLIL's performance was mainly driven by growth in its core business, reflecting optimal asset-liability management, which resulted in the Bank posting a 21.28% increase in net interest income compared with the same period last year.

International Financial Planning Limited (IFP)

PROVEN Investments Limited acquired 100% interest in IFP in August 2018. IFP is a licensed securities dealer with offices in Cayman, Bermuda and the British Virgin Islands that caters to a variety of investors ranging from medium to high net worth individuals. The company contributed US$0.45 million Profit Attributable to Equity Holders on Revenues of US$2.72 million, resulting in a NPAO contribution to the Group of 1.87% for the period. IFP operations is entirely focused on fee based off balance sheet activities, as a result 100% of its revenues are derived from fees and commission which contributed 39.39% to the overall Fees and Commission reported by the Group for the period ending September 30, 2019.

Investment in Associated Companies

JMMB Group Limited - PIL acquired 20.01% of the participating voting shares in JMMB Group Ltd in December 2018. JMMB is an Associate Company and contributed US$3.13 million in the form of Share of Profits within the period, representing 13.17% of Group NPAO. This investment aligns with the Company's core Investment Strategy. JMMB's expanding presence within the region is consistent with PROVEN's ongoing strategy to diversify the portfolio of investments across the 24 countries of the Caribbean and Latin America.

Dream Entertainment - In February 2019, Proven Investments Limited acquired a 20% equity stake in Dream Entertainment Limited for a total of J$75.28 million. This is consistent with PROVEN's strategic thrust to identify, invest in and grow, viable real sector private companies. Dream Entertainment Limited has over the years provided enviable entertainment products that cater to a growing audience that is primarily beyond the Jamaican shores. This acquisition not only aligns with PROVEN's core Investment Strategy within the Real Sector but also with its risk to reward objectives.

2. Real Estate

Real Properties Limited (RPL)

RPL reported Profit Attributable to Equity Holders of US$1.065 million, on Revenues of US$1.45 million. This performance contributed 4.48% to Group NPAO. Total assets stood at US$34.95 million as of September 30, 2019, which represents a 48.87% increase compared to US$23.48 million reported the same period last year. This subsidiary continues to diversify its portfolio of real estate holdings which as of September 30, 2019, included three (3) rental income properties and eight (8) developmental sales projects; all at various stages of the development cycle. The company continues to closely monitor the local and international real estate markets for new opportunities.

3. Treasury / PIL Proprietary

The Treasury segment of the Group's operations generated Profit Attributable to Equity Holders of US$14.00 million for the period ending September 30, 2019. This is net of all intercompany income and charges. This contributed 58.84% to the total NPAO of $23.79 million reported for the period.

The performance of this segment was mainly attributed to the extraordinary gains of $23.97 million realized on PIL sale of 50.28% of its holding in AFSL. Revenues before the gains amounted to a loss of US$0.53 million, resulting in Net Revenues of US$23.44 million attributable to this segment.

Net Interest income registered a loss of US$1.28 million largely reflecting debt servicing obligations associated with wholesale funding of the JMMB share acquisition. This resulted in a negative 14.94% contribution to the overall Net Interest Income reported by the Group. The loss on the Net Interest Income line was partially offset by Other Income of US$0.76 million, which was driven by Gains on Securities Trading and Foreign Exchange Translation Gains. Total Administrative and General Expenses amounted to US$2.50 million, accounting for 15.20% of total Group Operating Expenses while Preference Dividend charges totalled US$7.20 million.

Statement of Financial Position

Total assets amounted to US$648.20 million as of September 30, 2019, which represents an increase of 21.55% from US$533.25 million as of September 30, 2018. Total liabilities increased to US$525.81 million from US$427.69 million as of September 30, 2018, representing an increase of 22.94%. The year over year Balance Sheet growth reflects incremental acquisitions and organic growth. Noteworthy is the 47.98% increase in the cash and cash equivalent position, a significant percentage of which is attributed to the holding of near-cash interest-bearing assets in BOSLIL. This cash supports the business model and prudent asset-liability management of that portfolio.

Shareholders’ Equity

Shareholders’ Equity Attributable to Owners of the Company increased by 39.90% to US$115.23 million from US$82.37 million as of September 30, 2018. The change is attributed to a material increase in Retained Earnings, improvements in the investment fair valuation reserves on the heels of favourable bond market conditions experienced over the period.

Dividend Payment

The Board of Directors approved payment of dividend totalling US$0.0056. This includes an Interim dividend payment of US$0.0028 per share and a Special Dividend of US$0.0028 per share to all Ordinary Shareholders on record as of November 25, 2019, to be paid on December 6, 2019. This represents an annualized tax-free dividend yield of 6.73% based on the average share price of US$0.25 for the period ended September 30, 2019. PROVEN Investments Limited takes this opportunity to thank all our stakeholders for their support and trust. Our continued success is a result of the dedication of our Directors, Management and Staff and we thank them for their loyalty and commitment.

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

Operating Environment

International

Over the period, market conditions were characterized by continued global uncertainties. Despite this, all major markets; namely fixed income, equity, and commodities recorded positive total returns. Volatility as measured by the VIX was up 21.19% over the period but is down by 51% calendar year to date. Global growth for 2019 and 2020 is estimated at 3.2% and 3.5% respectively as the pace of global economic activity remains subdued despite the economy being positioned at a late stage in the business cycle. Momentum in manufacturing activity has substantially weakened to levels not seen since the global financial crisis. Also continued trade and political tensions have taken a toll on business confidence, investment decisions, and global trade.

Across the spectrum of the developed market Government bond yields declined markedly over the period. The benchmark US Treasury 10-year yield declined by 83bps to 1.67%, having traded as low as 1.46%. The spread between two- and 10-year Treasury yields fell below zero; an event that has preceded each of the last seven recessions. The spread got the final push into negative territory in mid-August due to intensified risk aversion associated with US-China trade uncertainty. The US announced a marked increase in tariffs and China retaliated with its own measures including allowing a devaluation of the Renminbi.

US equities made modest gains over the period with S&P advancing 3.82%, despite ongoing growth concerns and uncertainty surrounding the US-China trade. Emerging markets felt the effect of a renewed escalation in the US-China trade dispute and global growth concerns resulting in the MSCI Emerging Market Index declined by 6.45% over the period. Those markets most sensitive to US dollar strength came under pressure, as the US Dollar index strengthened by 2.20% and ended the period at a one-year high of 99.38. The USD has fared better than expected over the period and remains resilient amid softer US yields and signs that the US economy is losing momentum.

The FED reduced interest rate twice over the six-month period, in late July and September by 0.25%; a total increase of 50bps following nine consecutive 25bps cuts. Even though the Fed has not committed verbally to a more extended easing cycle, the market is currently pricing in additional accommodation from the Fed (as measured by the Bloomberg World Interest Rate Probability Index) in late October and possibly December of 25bps each given the convergence of factors. Central banks around the world have been following suit, furthering a global trend of monetary policy easing.


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In mid-September, overnight borrowing costs in the $2.2 trillion Repo Market spiked to as high as 10% (a four-fold increase from the prior week). a move not seen since the height of the global credit crisis more than a decade ago. This precipitated an uptick in the average federal funds rate, which reached 2.25% and matched the upper end of the Fed's current target range. As a result, this pushed short-term rates higher and tightened money market conditions as banks and companies were unable to efficiently source cash for liquidity purposes. The Fed responded by injecting billions of dollars into the financial system; a move it has not used in more than 10 years to calm the money markets, and has announced plans to increase the size of its overnight operations for the repo market to $120 billion a day from the current $75 billion.

The White House struck a deal with Democratic party leaders in Congress in July to increase the US$22 trillion borrowing limit, removing the threat of a US debt default and significantly raising federal spending. This deal will increase the debt ceiling until the next budgetary standoff in mid-2021.

Several of Europe's economies are weathering growth slowdowns, many due to political uncertainty. Brexit fears fuelled a 0.2% contraction in Britain's economy last quarter, its first decline since 2012. Theresa May resigned as leader of the Conservative Party and her role was filled by Boris Johnson. Currently, Brexit is on the verge of being delayed for a 3rd time, after Prime Minister Johnson's efforts to push through his latest Brexit plan failed after lawmakers forced a delay before they would consider the proposal. The originally scheduled exit was October 31st.

The S&P GSCI Spot Index which measures commodity performance posted a negative return of 8.21%, which was negatively impacted by US dollar strength. For the period Brent and WTI declined 11.93% and 12.21% respectively. Signs of weakening global growth also played a part. In mid-September, Brent crude spiked a record 20% in one session following coordinated drone and missile strikes against Saudi Arabia's energy infrastructure in what was one of the worst ever disruptions of crude output. While full capacity has yet to be restored and the recovery has been faster than expected Brent prices retraced 100% of their gains within two weeks.

Looking forward, amid a probability of substantial near-term policy improvement in major economies, Geopolitics will remain very much in the fore, inclusive of impeachment proceedings that were initiated against US President Trump towards the end of the period. Although the market is pricing in a potential deal between the U.S and China due to positive sentiments from President Trump, specific progress is yet to materialize.

Operating Environment Cont'd

Thus, confidence and investment could be markedly impacted by a sudden rise in policy uncertainty. An increase in contagion risk could also be related to a heightened possibility of a disorderly exit of the United Kingdom from the European Union. This continued uncertainty is expected to support persistent US dollar (USD) strength in the final quarter of the calendar year and possibly beyond. Furthermore, the US economy continues to outperform despite lower growth estimates, and interest rates remain well above those of other economies (specifically Group of Ten economies-G10). Also, historical uplifts in USD stemming from seasonal demand in liquidity amplified by tightness in funding markets may also be a factor

Regional

Growth in Latin America and the Caribbean region has been revised down to 0.9% in 2019 and to 2.4% in 2020, spurred by private consumption and investment. The revision reflects negative surprises in the first half of 2019, elevated domestic policy uncertainty in some large economies, heightened US-China trade tensions, and somewhat lower global growth. Risks to the outlook remain tilted to the downside, including from a further escalation of US-China trade tensions, a slowdown in major economies, and tighter global financial conditions.

The Central Bank of Barbados (CBB) reports that the government's fiscal balance improved to a US$91.5 million surplus during the first three months ended June 2019, largely resulting from reduced interest payments, which fell to 9.2% of revenue compared to 29.5% one year earlier. In July, Moody's upgraded Barbados' foreign and local currency issuer ratings from Caa3 to Caa1, while the foreign currency senior unsecured bonds remained at Caa3. Barbados reached a deal with its international market creditors, some 18 months after defaulting. Under the arranged deal, the country will issue at least USD$500 million of new 6.5% debt with a final maturity in ten (10) years. The restructuring also makes provision for natural disasters, allowing Barbados to capitalize on interest and defer principal payments for two years in the event of such disasters.

During the first eight months of Fiscal year, 2018/19 ended May 2019, Trinidad & Tobago's government's fiscal balance improved 18.5% year over year to US$607.1 million, as a US$192.3 million boost in capital receipts supported an expansion in revenue collections, which outpaced increased spending during the period. In July, S&P lowered its long-term foreign and local currency sovereign credit rating of Trinidad and Tobago from BBB+ to BBB, with a stable outlook, citing lower-than-expected energy output and economic growth, which is expected to weaken revenue collection and postpone plans to balance the fiscal budget by Fiscal year 2020/21.

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Following a 1.8% expansion during 2018, the Statistical Institute of Jamaica reported that real GDP advanced 1.7% during the quarter ended June 2019, buoyed in particular by mining, construction, and tourism. Following the attainment of a primary surplus in excess of the 7% target during Fiscal year 2018/19, the government is expected to maintain a primary balance of 6.5% of GDP during this fiscal year, as a slightly more accommodative fiscal stance is intended to boost growth. Over the period, GOJ placed a tender offer and refinanced US$1.2 billion worth of debt. As a result, the percentage of Jamaica's external debt maturing after 10 years increased from 36.0% to 46.0%. The country's public debt was reduced to under 100% of its gross domestic product for the first time in nearly two decades. The debt to GDP as of March 2019 was circa 96% and is expected to continue its trend downward.

The Bank of Jamaica reduced the cash reserve requirement by three percentage points to 9% in March 2019 and further to 7% in June 2019, aimed at supporting credit expansion at lower interest rates. Further, after reducing its policy rate (offered on overnight placements) by 75bps total over the period to 0.50%, in an effort to attain the inflation target range of 4.0% to 6.0%. The weighted average BOJ FX rate depreciated from 125.47 to 134.14 over the period. The wild fluctuations in the currency continue to be primarily driven by capital market transactions.

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

	SEPTEMBER 2019 US$	SEPTEMBER 2018 US$	MARCH 2019 US$
ASSETS			
Cash and cash equivalents	123,581,751	83,513,481	69,107,940
Resale agreements	11,635,626	12,719,311	10,055,415
Investment securities	295,505,571	323,206,975	336,740,420
Investment in Associates	106,999,548	-	80,972,000
Loans Receivable	29,462,933	46,499,606	53,924,000
Other Receivables	33,079,913	11,992,696	13,505,561
Property Development In Progress	1,528,182	1,057,836	1,507,322
Investment Property	25,864,005	20,416,344	23,318,538
Intangible Assets	18,253,782	32,916,252	35,424,734
Property, plant and equipment	2,284,189	930,856	1,355,575
Total Assets	648,195,500	533,253,357	625,911,505
LIABILITIES			
Client liabilities	78,590,148	82,187,758	87,949,928
Related company	7,934,265	478,783	422,523
Notes Payable	143,048,962	102,244,177	185,550,488
Preference shares	1,000	-	1,000
Other liabilities	41,337,730	13,548,151	15,201,836
Due to Customers	254,894,549	229,234,095	221,051,980
Total Liabilities	525,806,654	427,692,964	510,177,755
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	86,716,754	86,716,754
Investment revaluation reserve	6,838,078	(6,828,830)	2,689,000
Foreign exchange translation	(8,722,230)	(9,571,178)	(7,063,000)
Retained earnings	30,397,858	12,048,576	9,671,000
Total Shareholders' Equity	115,230,460	82,365,322	92,013,754
Minority Interest	7,158,386	23,195,071	23,719,996
Total Shareholders' Equity and Liabilities	648,195,500	533,253,357	625,911,505

Approved for Issue by the Board of Directors and signed on its behalf by

Director

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

UN-AUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Quarter ended September 2019	Quarter ended September 2018	Period ended September 2019	Period ended September 2018	Audited March 2019
	US$	US$	US$	US$	US$
INCOME					
Interest Income	6,931,913	6,965,677	13,812,933	14,172,999	26,206,000
Interest expense	(2,590,332)	(1,710,319)	(5,216,976)	(3,639,795)	(7,475,000)
Net Interest income	4,341,581	5,255,358	8,595,957	10,533,204	18,731,000
Other income					
Gains on securities trading	1,794,966	(173,646)	2,437,021	(132,559)	1,139,299
Dividend Income	7,205	251,233	39,718	525,010	342,001
Pension Management Income	847,777	694,440	1,652,293	1,395,532	2,832,165
Fees & Commissions	3,529,139	1,591,102	6,901,047	2,484,881	8,201,863
Foreign exchange translation gains/(losses)	519,219	458,488	1,186,972	1,656,339	1,633,035
Other Income	1,461,842	1,828,249	2,460,319	1,950,334	4,841,282
	8,160,148	4,649,866	14,677,370	7,879,537	18,989,645
NET REVENUE	**12,501,729**	**9,905,224**	**23,273,327**	**18,412,741**	**37,720,645**
OPERATING EXPENSES					
Depreciation and Ammortization of Intangibles	478,788	441,751	916,210	884,391	1,847,822
IFRS 9 Provisioning	(289,475)	(101,885)	(296,072)	306,339	(475,857)
Administrative and General Expenses	8,248,033	5,807,286	15,808,716	10,255,618	24,517,059
	8,437,346	**6,147,152**	**16,428,854**	**11,446,348**	**25,889,024**
OPERATING PROFIT	**4,064,383**	**3,758,072**	**6,844,473**	**6,966,393**	**11,831,621**
Preference dividend	(6,745,989)	(380,121)	(7,196,481)	(646,443)	(1,289,477)
Share of Results of Associates	1,672,821	-	3,132,699	-	1,308,164
Gain on Partial Disposal of subsidiary	23,970,846	-	23,970,846	-	-
	18,897,678	(380,121)	19,907,064	(646,443)	18,687
Profit before income tax	22,962,061	3,377,951	26,751,537	6,319,950	11,850,308
Income tax	(734,162)	(339,458)	(1,082,370)	(452,039)	(1,664,999)
NET PROFIT	**22,227,899**	**3,038,493**	**25,669,167**	**5,867,911**	**10,185,309**
Less income attributable to non-controlling interest	(870,356)	(916,950)	(1,876,290)	(1,976,311)	(3,216,842)
Profit attributable to owners of the company	**21,357,543**	**2,121,543**	**23,792,877**	**3,891,600**	**6,968,467**
EARNINGS PER STOCK UNIT - US cents	3.42	0.34	3.80	0.62	1.11

UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Quarter ended September 2019	Quarter ended September 2018	Period ended September 2019	Period ended September 2018	Audited March 2019
	US$	US$	US$	US$	US$
NET PROFIT	22,227,899	3,038,493	25,669,167	5,867,911	10,185,309
OTHER COMPREHENSIVE INCOME					
Items that are or may be reclassified to profit or loss:					
Unrealised (loss)/Gain on investments securities	1,626,226	1,137,708	4,179,069	(1,714,207)	7,317,970
Foreign exchange translation reserve	(792,444)	(1,396,534)	(2,476,902)	(2,695,700)	(187,723)
Total Comprehensive income	**23,061,681**	**2,779,667**	**27,371,334**	**1,458,004**	**17,315,556**

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SEPTEMBER 30, 2019

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US$	US$	US$	US$	US$	US$
Balance at April 1, 2019	86,716,754	23,719,996	2,689,000	(7,063,000)	9,671,000	115,733,750
Cumulative transition effect of IFRS 9 Adoption	-	-	-	-	-	-
Balance at April 1, 2019 as restated	86,716,754	23,719,996	2,689,000	(7,063,000)	9,671,000	115,733,750
Total Comprehensive (Loss)/Income for the period		1,876,290	4,179,069	(2,476,902)	23,792,877	27,371,334
Partial Disposal of Subsidary		(17,695,153)	(29,991)	817,672	-	(16,907,472)
Dividends to equity holders		(742,747)			(3,066,019)	(3,808,766)
Balance at September 30, 2019	86,716,754	7,158,386	6,838,078	(8,722,230)	30,397,858	122,388,846

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SEPTEMBER 30, 2018

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US$	US$	US$	US$	US$	US$
Balance at April 1, 2018	86,716,754	22,257,392	(8,193,783)	(6,875,478)	13,448,213	107,353,098
Cumulative transition effect of IFRS 9 Adoption			3,079,161		(2,980,385)	98,776
Balance at April 1, 2018 as restated	86,716,754	22,257,392	(5,114,622)	(6,875,478)	10,467,828	107,451,874
Total Comprehensive (Loss)/Income for the period	-	1,976,311	(1,714,207)	(2,695,700)	3,891,600	1,458,004
Adjustment to NCI without change in owenership	-	(286,000)	-	-	-	(286,000)
Dividends to equity holders	-	(752,633)	-	-	(2,310,851)	(3,063,484)
Balance at September 30, 2018	86,716,754	23,195,071	(6,828,830)	(9,571,178)	12,048,576	105,560,393

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

UN-AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30 2019

	Period ended September 2019	Period ended September 2018	Audited March 2019
	US$	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	23,792,877	3,891,600	6,968,467
Foreign Exchange Translation	(1,659,230)	(2,695,700)	(187,522)
Fair value gain on investment in associate	(17,240,866)	-	-
Depreciation and Amortization	916,210	884,391	1,847,822
Income Tax Charge	1,082,370	452,039	1,664,999
Operating cashflow before movements in working capital	6,891,361	2,532,330	10,293,766
Changes in operating assets and liabilities			
Receivables	(22,645,801)	(2,132,769)	(4,459,554)
Client Liabilities	32,262,352	58,048	(5,460,169)
Payables	18,307,083	(5,099,036)	1,968,820
Related company	7,511,742	380,548	324,287
Net cash provided by/ (used) in operating activities	42,326,738	(4,260,879)	2,667,150
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans	24,461,067	(2,601,046)	(10,025,440)
Investments in associates	(8,786,682)	-	(80,972,000)
Purchase of property ,plant and equipment	15,305,267	(13,761,271)	(18,107,389)
Investments	43,296,577	44,257,458	37,288,609
Net cash provided by/(used in) investing activities	74,276,229	27,895,141	(71,816,220)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	(42,501,526)	(8,716,115)	74,590,193
Redemption of Preference Shares	-	(16,415,159)	(16,414,159)
Minority Interest	(16,561,610)	937,679	1,462,604
Dividend Paid	(3,066,019)	(2,310,851)	(5,067,093)
Cumulative transition effect of IFRS 9 Adoption	-	(2,980,385)	(5,678,585)
Net cash (used in)/provided by financing activities	(62,129,155)	(29,484,831)	48,892,960
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	54,473,811	(5,850,569)	(20,256,110)
Cash and cash equivalents at beginning of period	69,107,940	89,364,050	89,364,050
CASH AND CASH EQUIVALENTS AT END OF PERIOD	123,581,751	83,513,481	69,107,940

NOTES TO FINANCIAL STATEMENTS

September 2019

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	
			2019	2018
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
Proven REIT Limited and its wholly owned subsidiary:	Saint Lucia	Real estate investment	100	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
BOSLIL Bank Limited	Saint Lucia	Banking	75	75
International Financial Planning (Cayman Limited)	Cayman Islands	Fund management	100	100
Proven Holding Limited	Jamaica	Investment advisory services	100	-

2. Statement of compliance and basis of preparation

Interim financial reporting

The condensed consolidated interim financial statements for the six months ended September 30,2019 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, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

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:

Annual Improvements to IFRS 2015-2017 cycle contain amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs that are effective for annual periods beginning on or after January 1, 2019.

i. The amendments to IFRS 3 and IFRS 11 clarify how an increased interest in a joint operation should be accounted for. If a party maintains or obtains joint control, then the previously held interest is not remeasured. But if a party obtains control, this is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.
ii. IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently (either in profit or loss, OCI or equity) with the transactions that generated the distributable profits.
iii. IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. The change will apply to borrowing costs incurred on or after the date of initial adoption of the amendment.

The Group is assessing the impact that the amendments in respect of income taxes and borrowing costs will have on its 2020 financial statements.

Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies:

- Changes in Accounting Estimates and Errors is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements:

- "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
- The Group does not expect the amendment to have a significant impact on its 2021 financial statements.

IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

The Group is assessing the impact that the standards will have on its 2020 financial statements.

IFRIC 23, Uncertainty over income tax treatments, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting treatment for income tax treatments that are yet to be accepted by tax authorities, whilst aiming to enhance transparency.

IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that is used or plans to use in its income tax filing.

If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

IFRIC 23 does not add any new disclosure requirements. However, it highlights that an entity shall determine whether it should disclose judgements made in the process of applying its accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, in accordance with paragraph 122 of IAS 1, Presentation of Financial Statements.

IFRIC 23 requires that when it is probable that a taxation authority will accept an uncertain tax treatment, paragraph 88 of IAS 12 should be applied to determine the disclosure of a tax- related contingency. If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding: - judgements made in the process of applying accounting policies to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; - assumptions and other estimates used; and - potential impact of uncertainties that are not reflected in the financial statements.

The Group is assessing the impact that the interpretation will have on its 2020 financial statements.

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.

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.

4. Classification of financial assets:

Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets’ cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect, on an investment-by-investment basis, to present subsequent changes in the investment’s fair value in OCI

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.

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.

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$23,792,877 by the weighted average number of ordinary stock units in issue during the reporting period numbering 625,307,963 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

www.weareproven.com

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