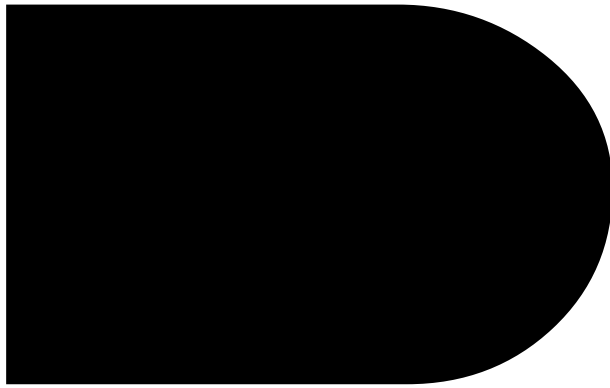


**THE INVESTMENT  
MAGAZINE**

by: PROVEN Investments Limited

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DECEMBER 2019 EDITION



# UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

## PROVEN INVESTMENTS LIMITED REPORTS UNAUDITED FINANCIAL RESULTS

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The Board of Directors of PROVEN Investments Limited (“PIL”) is pleased to report its Unaudited Financial Statements for the nine months ended December 31, 2019.

## FINANCIAL HIGHLIGHTS

<b>US\$26.45 million</b>	—	Net Profit attributable to shareholders
<b>US\$0.042</b>	—	Earnings Per Share
<b>US\$685.34 million</b>	—	Consolidated Total Assets
<b>33.39%</b>	—	Annualized Return on Equity
<b>49.36%</b>	—	Efficiency Ratio
<b>US\$0.0032 per share</b>	—	Approved Dividend

## Financial Performance

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PROVEN Investments Limited (PIL) registered strong performance for the nine-month period ended December 31, 2019. This was as a result of solid execution of strategies across the Group to grow core revenues and improve operating efficiency. PIL remains committed to managing its portfolio of assets in an optimal manner in order to create value for its shareholders.

Net Profit attributable to Owners of the Company (NPAO) for the period amounted to US\$26.45 million, while NPAO adjusted for the extraordinary gain and associated charges amounted to US\$8.47 million, this represents a 43.50% increase in core earnings from the US\$5.90 million earned in the same period last year.

## Performance 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.

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## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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### 1. Private Equity

#### **PROVEN Wealth Limited (PWL)**

PWL reported Profit Attributable to Equity Holders of US\$2.39 million for the period ending December 31, 2019, which comprised 9.04% of the Group's NPAO. Revenues generated by PWL totalled US\$8.54 million with Net Interest Income and Other Income accounting for 25% and 75% 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\$4.24 million, accounting for 19.30% of total Group Operating Expenses. Total Assets of the PWL experienced a 10.20% increase from US\$106.9 million as at December 31, 2018 to US\$117.8 million as at December 31, 2019.

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 company's diversification of its revenue streams and reducing reliance on the repo business resulted in non-interest income accounting for 75% of its revenues. 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)**

As a result of reduced holdings from 49.72% to 24.72% in September 2019, AFSL is now treated as an associate company resulting in the recognition of a share of its profits, instead of a consolidation of its results into PIL's Consolidated performance. AFSL contribution for the nine months period ended December 2019 amounted to US\$1.05 million. Thus, in aggregate, the company contributed 3.98% to NPAO over the nine-month period.

#### **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 totalled US\$4.40 million, resulting in US\$3.16 million in Profit Attributable to Equity Holders being realized. This contributed 11.93% to the Group's NPAO. Revenues generated by BOSLIL totalled US\$7.94 million with Net Interest Income and Other Income accounting for 60% and 40% respectively. BOSLIL contributed 48.62% to total Net Interest Income reported by the Group. Efficiency Ratio registered a marked improvement from 55.45% as December 2018 to 45.65% as at December 2019. Total Administrative and General Expenses amounted to US\$3.55 million, accounting for 16.14% of total Group Operating Expenses. Total Assets of the Bank experienced a 24.24%

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increase from US\$258.75 million as at December 2018 to US\$321.46 million as at December 2019. BOSLIL's performance was mainly driven by growth in its core business, reflecting optimal asset-liability management and cost synergies which resulted in the Bank posting a 75% increase in Net Profits 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 reported Revenues and Net Profit of US\$4.38 million and US\$0.99 million respectively. This resulted in a NPAO contribution to the Group of 6.95% for the period ended December 31, 2019. PIL is currently in the process of re-engineering this business and anticipate revenue enhancement and cost synergy measures to positively impact the entity in the medium to long term. IFP operations are entirely focused on fees based on off balance sheet activities, and as a result 100% of its revenue is derived from fees and commission which contributed 44.41% to the overall Fees and Commission reported by the Group for the period ended December 31, 2019.

**JMMB Group Limited** - PIL acquired 20.01% of the participating voting shares in JMMB Group Ltd in December 2018 and thereafter opted to maintain this holding through its participated in the recent APO transaction. JMMB is an Associate Company and contributed US\$5.62million (projected) in the form of Share of Profits for the period ended December 31, 2019. This investment provides exposure to the onshore banking and insurance sub-industry and 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.

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# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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### 2. Real Estate

#### **Real Properties Limited (RPL)**

RPL reported Profit Attributable to Equity Holders of US\$1.43 million. This performance contributed 3.39% to Group NPAO. Total assets stood at US\$36.51 million as of December 31, 2019, which represents a 24.84% increase compared to US\$29.24 million reported the same period last year. This subsidiary continues to diversify its portfolio of real estate holdings which as at December 31, 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 NPAO of US\$12.13 million for the period ended December 31, 2019. This is net of all intercompany income and charges. This contributed 45.88% to the total NPAO of \$26.45 million reported for the period. The performance of this segment was mainly attributed to the extraordinary gains of \$23.97 million realized on PIL's sale of 50.28% of its holding in AFSL.

#### **STATEMENT OF FINANCIAL POSITION**

Total assets amounted to US\$685.34 million as at December 31, 2019, which represents an increase of 9.36% from US\$626.71 million as at December 31, 2018. Total liabilities increased to US\$559.17 million from US\$522.34 million as at December 31, 2018, representing an increase of 7.05%. The year over year Balance Sheet growth was attributed mainly to a 77.22% increase in Investment in Associates compared to the same period last year; reflecting the investment in JMMB.

#### **SHAREHOLDERS' EQUITY**

Shareholders' Equity Attributable to Owners of the Company increased by 47.80% to US\$119.20 million from US\$80.65 million as at December 31, 2018. The change is attributed to a material increase in Retained Earnings, due to the gains realised on the disposal of AFL, and continuing improvements in the investment fair valuation reserves on the heels of favourable bond market conditions experienced over the period. The Investment revaluation reserve experienced a noticeable improvement to US\$8.60 million compared to negative US\$8.80 million in the same period last year. Retained earnings grew almost two-folds to US\$29.54 million as at December 31, 2019 compared to December 31, 2018.





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# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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### **DIVIDEND PAYMENT**

The Board of Directors approved payment of dividend totalling US\$0.0032 per share to all Ordinary Shareholders on record as of February 24, 2020, to be paid on March 6, 2020. This represents an annualized tax-free dividend yield of 5.82% based on the average share price of US\$0.265 for the period ended December 31, 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.

### **OPERATING ENVIRONMENT**

Over the nine-month period ended December 31, 2019, market conditions were characterized by continued global uncertainties. Despite this, all major markets (i.e., fixed income, equity and commodities) recorded positive total returns. Volatility as measured by the Chicago Board Options Exchange Volatility Index (which represents the market's expectation of 30-day forward-looking volatility), fluctuated from a low of 11.54 to a high of 24.59. This was occasioned by an abrupt change in US monetary policy stance, trade uncertainty and other geopolitical uncertainties. The International Monetary Fund (IMF) estimated global growth for 2019 and 2020 at 3.2% and 3.5% respectively as the pace of global economic activity was subdued over 2019 and is expected to remain weak in 2020.

Across the spectrum of the developed market, government bond yields declined markedly over the period ended December 31, 2019 after starting the period at close to the current cycle high. As reported by Bloomberg, the benchmark US Treasury 10-year yield declined by 58 bps to 1.92% over the nine-month period having traded as low as 1.46%. The spread between two-year and ten-year Treasury yields fell below zero during the period, an event that has preceded each of the last seven recessions. This spread got the final push into negative territory in mid-August 2019 due to intensified risk aversion associated with the US-China trade uncertainty.

Over the last quarter in the calendar year, the sentiment shifted with more constructive developments in the US-China relationship and as better prospects for an orderly Brexit were revealed. The US and China signed off on a Phase 1 deal in January 2020 and are now in the process of working on Phase 2. The new Brexit deadline is set for the end of January 31, 2020, following the outcome of general elections held in the United Kingdom in December 2019. As a result, equities rose and corporate spreads fell globally. The US Treasury yield increased by 25bps over September to December 2019 to end the year at 1.92%. Spreads on investment grade corporate bonds issuers fluctuated between 163bps and 130bps over the review period, ending the period at the low of 130bps.

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# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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US equities made robust gains over the period ended December 2019, particularly in the final quarter as trade uncertainty faded with the announcement of US and China's phase one trade deal announcement. The standard & poor's 500 index advanced 12.68% over this period, and eventually closed the 2019 calendar year with a gain of 28.71%. This performance was realized 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. Notwithstanding this, the MSCI Emerging Market Index improved by 4.17% over the period, due to reduced uncertainty in the final quarter of the calendar year. Overall the USD has fared better than expected over the calendar year 2019 and remained resilient amid softer US interest rates and signs that the US economy was losing momentum. Interest rates in the US remain well above those of other economies (specifically "Group of Ten" economies), which should continue to serve as a support for the USD.

Following nine consecutive rate hikes which started in December 2015, the US Federal Reserve (the "Fed") reduced interest rates three times commencing in August 2019, representing a total decline of 1.00% to bring the Federal Funds rate within a range of 1.50% – 1.75% at the end of the nine-month review period. Central banks around the world followed suit, furthering a global trend of monetary policy easing which is expected to continue in 2020.

In mid-September 2019, overnight borrowing costs in the US\$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 ten years to calm the money markets, and announced plans to increase the size of its overnight operations for the repo market to US\$120 billion a day from the current US\$75 billion.

The White House struck a deal with Democratic party leaders in Congress in July 2019 to suspend the U.S debt ceiling and boost spending levels for another two years. In addition to 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 July 31, 2021. Impeachment inquiries were initiated against US President Trump towards the end of September 2019. In December 2019, two articles of impeachment were approved by the US House of Representatives, accusing President Trump of abusing the power of his office and with obstructing Congress. However, in the next stage of the impeachment trial in the US Senate, it is likely that President Trump will prevail and as such the market is not pricing a removal from office.

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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The S&P GSCI Spot Index which measures commodity performance posted a negative return of 9.32% over the period ended December 31, 2019, which was negatively impacted by USD strength. Over the period, Brent and West Texas Intermediate crude oil prices declined by 4.36% and 0.86% respectively to which signs of weakening global growth also played a part. In mid-September, Brent crude oil prices spiked a record 20% following coordinated drone and missile strikes against Saudi Arabia's energy infrastructure in what was one of the worst ever disruptions of crude output.

### Regional

According to the IMF, growth in Latin America and the Caribbean region is projected at 0.9% for 2019 and to 2.4% for 2020, spurred by private consumption and investment. This projection 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.

Barbados continues to make progress in implementing its economic reform program and expected continued turnaround for the nation's economy is expected as it strives to meet ambitious targets through both the local program (the Barbados Economic Recovery and Transformation plan) and the IMF's Extended Fund Facility. In July 2019, Moody's upgraded Barbados' foreign and local currency issuer ratings from Caa3 to Caa1, while the foreign currency senior unsecured bonds remained at Caa3.

Trinidad and Tobago is expected to experience 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. On this basis 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, in July 2019. Over the quarter ended December 2019, Barbados successfully completed the restructure of its international bonds by issuing US\$500 million worth of bonds due 2029 in exchange for its shorter dated securities due 2019-2022 and 2035. This contributed to a reduced government interest burden and an improved maturity profile. On the heels of this debt exchange, S&P Global Ratings raised its long- and short-term foreign currency sovereign credit ratings on Barbados to 'B-/B' from 'SD/SD' (selective default). The outlook on the country is currently stable as the government remains committed to ongoing economic and fiscal reforms.

The Statistical Institute of Jamaica reported that real GDP advanced 0.6% for the quarter ended September 30, 2019 compared to the same period in 2018, buoyed in particular by services, tourism and manufacturing industries. Following the attainment of a primary surplus in excess of the 7% target during Fiscal year 2018/19, the Government of Jamaica

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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("GOJ") 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 nine-month period ending December 31, 2019, the 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 ratio as of March 31, 2019 was circa 96% and is expected to continue its trend downward.

The Bank of Jamaica ("BOJ") 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. To further support this goal in an effort to attain the inflation target range of 4.0% to 6.0%, the BOJ reduced its policy rate (offered on overnight placements) by 75bps total over the period to 0.50%. In the FX Market, the J\$ depreciated against the US\$, with the weighted average selling rate for the US\$ as published by the BOJ moving from J\$125.47 to J\$131.18 over the nine-month period ended December 31, 2019. The fluctuations in the J\$ continue to be primarily driven by capital market transactions.



# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

### UN-AUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTH ENDED DECEMBER 31, 2019

	Quarter ended December 2019	Quarter ended December 2018	Period ended December 2019	Period ended December 2018	Audited March 2019
	US\$	US\$	US\$	US\$	US\$
<b>INCOME</b>					
Interest income	3,472,081	7,344,622	17,285,015	21,517,621	26,206,000
Interest expense	(2,204,944)	(1,775,506)	(7,421,920)	(5,415,300)	(7,475,000)
<b>Net interest income</b>	<u>1,267,137</u>	<u>5,569,036</u>	<u>9,863,095</u>	<u>16,102,241</u>	<u>18,731,000</u>
<b>Other income</b>					
Gains on securities trading	327,104	(172,429)	2,784,128	(304,988)	1,139,299
Dividend income	14,300	87,195	54,108	612,205	342,001
Pension Management Income	855,075	789,683	2,507,388	2,185,195	2,832,165
Fees & Commissions	2,556,262	4,393,490	9,457,309	6,878,371	8,201,863
Foreign exchange translation gains	542,698	(370,477)	1,729,670	1,285,882	1,633,035
Other income	1,407,465	1,207,652	3,887,784	2,957,168	4,841,282
	<u>5,702,994</u>	<u>5,938,094</u>	<u>20,380,365</u>	<u>13,613,813</u>	<u>18,989,645</u>
<b>NET REVENUE</b>	<b>6,970,131</b>	<b>11,504,130</b>	<b>30,243,460</b>	<b>29,716,054</b>	<b>37,720,645</b>
<b>OPERATING EXPENSES</b>					
Depreciation and Amortization of Intangibles	477,207	337,142	1,393,447	1,221,533	1,047,022
IFRS 9 Provisioning	(286,920)	387,641	(582,992)	493,162	(475,857)
Administrative and General Expenses	5,357,812	6,847,738	21,166,528	17,103,357	24,517,059
	<u>5,548,129</u>	<u>7,572,521</u>	<u>21,976,983</u>	<u>18,818,052</u>	<u>25,889,024</u>
<b>OPERATING PROFIT</b>	<b>1,422,002</b>	<b>3,931,609</b>	<b>8,266,477</b>	<b>10,898,002</b>	<b>11,831,621</b>
Preference dividend	(418,349)	(348,792)	(7,614,830)	(995,236)	(1,289,477)
Share of Results of Associates	2,607,904	-	5,740,603	-	1,308,164
Gain on Partial Disposal of subsidiary	-	-	23,970,848	-	-
	<u>2,189,555</u>	<u>(348,792)</u>	<u>22,096,619</u>	<u>(995,236)</u>	<u>18,687</u>
<b>Profit before income tax</b>	<b>3,611,557</b>	<b>3,582,817</b>	<b>30,363,096</b>	<b>9,902,766</b>	<b>11,850,308</b>
<b>Income tax</b>	<b>(650,996)</b>	<b>(669,635)</b>	<b>(1,733,366)</b>	<b>(1,121,673)</b>	<b>(1,664,999)</b>
<b>NET PROFIT</b>	<b>2,960,561</b>	<b>2,913,182</b>	<b>28,629,730</b>	<b>8,781,093</b>	<b>10,185,309</b>
Less income attributable to non-controlling interest	(306,666)	(903,106)	(2,182,956)	(2,879,417)	(3,216,842)
<b>Profit attributable to owners of the company</b>	<b>2,653,895</b>	<b>2,010,076</b>	<b>26,446,774</b>	<b>5,901,676</b>	<b>6,968,467</b>
<b>EARNINGS PER STOCK UNIT - US cents</b>	<b>0.42</b>	<b>0.32</b>	<b>4.23</b>	<b>0.94</b>	<b>1.11</b>

### UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTH ENDED DECEMBER 31, 2019

	Quarter ended December 2019	Quarter ended December 2018	Period ended December 2019	Period ended December 2018	Audited March 2019
	US\$	US\$	US\$	US\$	US\$
<b>NET PROFIT</b>	<b>2,960,561</b>	<b>2,913,182</b>	<b>28,629,730</b>	<b>8,781,093</b>	<b>10,185,309</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Items that are or may be reclassified to profit or loss:					
Unrealised gain/(loss) on investments securities	1,763,091	(1,972,781)	5,942,160	(3,686,989)	7,317,970
Foreign exchange translation reserve	3,066,754	2,120,919	589,853	(574,781)	(187,723)
<b>Total Comprehensive income</b>	<b>7,790,406</b>	<b>3,061,320</b>	<b>35,161,743</b>	<b>4,519,323</b>	<b>17,315,556</b>



# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

### UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION DFCFMRF 31, 2019

	DECEMBER 2019 US\$	DECEMBER 2018 US\$	MARCH 2019 US\$
<b>ASSETS</b>			
Cash and cash equivalents	122,806,620	89,788,892	69,107,940
Receivables	8,781,405	7,602,014	10,055,415
Investment securities	327,045,278	330,250,851	336,740,420
Investment in Associates	128,368,832	12,434,170	80,972,000
Loans Receivable	27,493,658	54,765,987	53,924,000
Other Receivables	31,413,945	11,923,168	13,505,561
Property Development In Progress	2,235,755	1,426,525	10,597,322
Investment Property	16,164,164	22,481,563	14,228,538
Intangible Assets	18,070,898	35,084,240	35,424,734
Property, plant and equipment	2,963,741	953,244	1,355,575
<b>Total Assets</b>	<b>685,344,386</b>	<b>626,711,254</b>	<b>625,911,505</b>
<b>LIABILITIES</b>			
Client liabilities	72,842,201	79,646,640	88,624,831
Related company	706,983	378,285	422,523
Notes Payable	154,081,687	111,795,624	185,650,488
Preference shares	1,000	-	1,000
Other liabilities	36,334,972	92,320,369	14,526,933
Due to Customers	294,307,779	238,199,782	221,051,980
<b>Total Liabilities</b>	<b>559,174,622</b>	<b>522,340,700</b>	<b>510,177,755</b>
<b>SHARE HOLDERS' EQUITY</b>			
Share capital	86,716,754	86,716,754	86,716,754
Investment revaluation reserve	0,001,109	(0,001,011)	2,009,000
Foreign exchange translation	(5,655,476)	(7,450,259)	(7,063,000)
Retained earnings	29,542,265	10,185,943	9,671,000
<b>Total Shareholders' Equity</b>	<b>119,204,712</b>	<b>80,650,827</b>	<b>92,013,754</b>
Minority Interest	6,965,052	23,719,727	23,719,996
<b>Total Shareholders' Equity and Liabilities</b>	<b>685,344,386</b>	<b>626,711,254</b>	<b>625,911,505</b>

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



Director



Director

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

UN AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY						
DECEMBER 31, 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	-	2,182,956	5,942,160	589,853	26,446,774	35,161,743
Partial Disposal of Subsidiary	-	(17,695,153)	(29,991)	817,672	-	(16,907,473)
Dividends to equity holders	-	(1,242,747)	-	-	(6,575,509)	(7,818,256)
Balance at December 31, 2019	86,716,754	6,965,052	8,601,169	(5,655,476)	29,542,265	126,169,764

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY						
DECEMBER 31, 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	-	(5,601,999)	(2,522,838)
Balance at April 1, 2018 as restated	86,716,754	22,257,392	(5,114,622)	(6,875,478)	7,846,214	104,830,260
Total Comprehensive (Loss)/Income for the period	-	2,879,417	(3,686,989)	(574,781)	5,901,676	4,519,323
Adjustment to NCI without change in ownership	-	(286,000)	-	-	-	(286,000)
Dividends to equity holders	-	(1,131,082)	-	-	(3,561,947)	(4,693,029)
Balance at December 31, 2018	86,716,754	23,719,727	(8,801,611)	(7,450,259)	10,185,943	104,370,554

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

<b>UN AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS</b>			
<b>FOR THE PERIOD ENDED DECEMBER 31, 2019</b>			
	Period ended December 2019	Period ended December 2018	Audited March 2019
	US\$	US\$	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit	26,446,774	5,901,676	6,968,467
Cumulative transition effect of IFRS 9 Adoption	-	(5,001,999)	(5,070,505)
Foreign Exchange Translation			
Fair value gain on investment in associate	(17,240,866)	-	-
Depreciation and Amortization	1,393,447	1,221,533	1,847,822
Income Tax Charge	1,733,366	1,121,674	1,664,990
Operating cashflow before movements in working capital	12,332,720	2,642,884	4,802,702
<b>Changes in operating assets and liabilities</b>			
Receivables	(26,774,057)	(16,286,426)	(10,744,664)
Loans	26,430,342	(10,867,427)	(6,314,440)
Client Liabilities	74,529,718	14,141,037	(5,460,169)
Payables	21,520,106	04,314,495	5,625,715
Investments	15,607,311	38,226,669	36,504,011
Related company	284,460	280,050	324,287
Net cash provided by/ (used) in operating activities	<u>123,929,779</u>	<u>112,451,281</u>	<u>24,737,442</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investments in associates	(30,155,966)	(72,434,770)	(74,615,000)
Purchase of property, plant and equipment	(1,993,063)	(203,435)	(702,331)
Disposal/Purchase of intangible asset	16,345,285	(15,999,249)	(20,205,508)
Purchase of Investment Properties	(1,935,626)	(5,133,765)	(3,993,000)
Redemption of Preference Shares	-	(10,415,159)	(10,737,159)
Net cash provided by/(used in) investing activities	<u>(17,739,369)</u>	<u>(110,186,378)</u>	<u>(116,252,997)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Notes payable	(30,568,801)	835,332	73,580,193
Minority Interest	(16,754,944)	1,462,335	4,679,448
Dividend Paid	(6,575,509)	(3,561,947)	(6,820,671)
Foreign Exchange Translation	1,407,524	(574,781)	(187,522)
Net cash (used in)/provided by financing activities	<u>(52,491,730)</u>	<u>(1,839,061)</u>	<u>71,260,447</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	53,698,680	425,842	(20,255,109)
Cash and cash equivalents at beginning of period	69,107,940	89,363,050	89,363,050
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>122,806,620</u></u>	<u><u>89,788,892</u></u>	<u><u>69,107,940</u></u>

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

### NOTES TO FINANCIAL STATEMENTS

December 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	-

#### Associate companies

JMMB Group Limited	Jamaica	Investment advisory, Banking, Market and equity	20.01	-
Dream Entertainment Limited	Jamaica	Entertainment	20	-
Access Financial Services Limited	Jamaica	Retail lending	24.72	49.72

# UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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## 2. Statement of compliance and basis of preparation

### Interim financial reporting

The condensed consolidated interim financial statements for the nine months ended December 31, 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

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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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 financial statements for the year ending March 31, 2021.

**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 financial statements for the year ending March 31, 2020.

**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.

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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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 financial statements for the year ending March 31, 2020.

### **Basis of measurement:**

The financial statements are prepared on the historical cost basis, except for the inclusion of investment securities carried 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



# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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### 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 are carried at fair value through other comprehensive income. 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.

##### 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.

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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### **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 is 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.

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

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### 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\$26,446,774 by the weighted average number of ordinary stock units in issue during the reporting period numbering 625,307,963 shares

# PROVEN

## Investments Limited

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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.

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Director

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Director

# PROVEN

**Additional Public Offer**

Opening in February 2020

**Read more on [www.weareproven.com](http://www.weareproven.com)**

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[www.wearproven.com](http://www.wearproven.com)