PROVEN GROUP LIMITED
(FORMERLY PROVEN INVESTMENTS LIMITED)

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

KPMG
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INDEPENDENT AUDITORS' REPORT

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Opinion

We have audited the separate financial statements of Proven Group Limited ("the Company") set out on pages 10 to 57, which comprise the separate statement of financial position as at March 31, 2023, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at March 31, 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Saint Lucia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Measurement of Expected Credit Losses*

Key Audit Matter	*How the matter was addressed in our audit*
The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates. The key areas requiring greater management judgement include the identification of significant increases in credit risk ('SICR'), the determination of probability of default, loss given default, exposure at default, management overlay and the application of forward-looking information. Management considered the following: - qualitative factors that create changes to SICR. - increased uncertainty about potential future economic scenarios and their impact on credit losses.	We performed the following procedures: • Obtained an understanding of the models used by management for the calculation of expected credit losses on financial assets. • Tested the design and implementation of the control over management review of the expected credit losses. • Tested the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Challenged management's key assumptions by involving our financial risk modelling specialists to evaluate the appropriateness of the Company's impairment methodologies, including the criteria used to determine significant increases in credit risk and independently assessed the assumptions for probability of default, loss given default and exposure at default.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Key Audit Matters (Continued)

1. *Measurement of Expected Credit Losses (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement. Therefore, the impairment of financial assets has a high degree of estimation uncertainty. *See notes 3(d) and 22(b) of the financial statements.*	• Involved our financial risk modelling specialists to evaluate the appropriateness of the Company's methodologies for determining management overlay and forward-looking information, which included evaluating the economic scenarios used and the probability weightings applied to them. • Assessed the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

2. *Impairment of investment in subsidiaries and associates*

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the Company's investments in subsidiaries and associates may not be recoverable due to changes in the business and economic environment in which the relevant entities operate. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability.	We performed the following procedures: • Evaluated whether there were indicators of impairment of the investments, considering the economic environment and business performance of each investee. • Tested the design and implementation of the control over management review of impairment testing of the investment in subsidiaries and in associates.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Key Audit Matters (Continued)

2. *Impairment of investment in subsidiaries and associates (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
	• Tested the reasonableness of the forecasts and discounted cash flow calculations, including use of our valuation specialists to evaluate the assumptions and methodologies used by management and to test the mathematical accuracy of the computations. • Compared the Company's assumptions to externally derived data as well as our own assessments of key inputs, such as economic factors, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions. • Compared the sum of the discounted cash flows to each investee's market capitalisation, where applicable and our understanding of the market conditions, to assess the reasonableness of those estimates. • Compared the carrying values to the computed recoverable amounts. • Assessed the adequacy of the Company's disclosures about the key assumptions and the sensitivity of the impairment assessments to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Key Audit Matters (Continued)

3. Valuation of investment securities

Key Audit Matter	*How the matter was addressed in our audit*
The valuation of the Company's investment securities requires significant estimation, which is impacted by uncertainty of market factors. The valuation of the Company's investments require significant estimation, as quoted prices are not available for all these instruments. Valuation of these investments, although based on observable inputs, involves the exercise of judgement and the use of assumptions. *See notes 4 and 23 of the financial statements.*	We performed the following procedures: • Tested the design and implementation of the control over management review of the valuation of investment securities. • Involved our valuation specialists in challenging the valuation methodologies and assumptions used by management to determine the fair value of investment securities. This included independent computations and comparison of the fair value of investment securities. • Reviewed management's assessment and considered whether impairment is appropriately considered and reflected in the measurement of investments. • Assessed the adequacy of the Company's disclosures about fair value measurements and the sensitivity of the fair values to changes in key assumptions.

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 8-9, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Lisa Brathwaite.

KPMG

Chartered Accountants
Castries
Saint Lucia

August 2, 2023

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

To the Members of
PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Appendix to the Independent Auditors' report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Statement of Financial Position
As of March 31, 2023
(Presented in United States dollars, except as otherwise stated)

	Notes	2023 $'000	2022 $'000
ASSETS			
Cash and cash equivalents	3(b)(ii)	2,412	2,973
Resale agreements	3(b)(iii)	4,324	2,126
Investment securities	4	9,133	11,648
Loans receivable	5	14,418	29,826
Other assets	6	3,399	1,235
Investment in subsidiaries	7	215,214	194,767
Income tax recoverable		196	196
Investment in associates	8	4,698	4,968
Owed by subsidiaries	9	10,452	2,627
Total assets		264,246	250,366
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Owed to related parties	9	215	2,825
Notes and loans payable	10	159,811	144,823
Other liabilities	11	2,665	2,402
Preference shares	12	1	1
Total liabilities		162,692	150,051
Stockholders' equity			
Share capital	13	125,961	115,754
Fair value reserve	14	(974)	(477)
Accumulated deficit		(23,433)	(14,962)
Total stockholders' equity		101,554	100,315
Total liabilities and stockholders' equity		264,246	250,366

The financial statements on pages 10 to 57 were approved for issue by the Board of Directors on July 31, 2023 and signed on its behalf by:

Rhory McNamara Director

Jeffrey Gellineau Director

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2023
(Presented in United States dollars, except as otherwise stated)

	Notes	2023 $'000	2022 $'000
Net interest expense and other revenue			
Interest income, computed using the effective interest method	15	1,973	2,541
Interest expense	15	(6,386)	(3,900)
		(4,413)	(1,359)
Dividends		3,221	4,521
Net fair value adjustments and realised (losses)/gains	16	(899)	97
Net foreign exchange gain		9	246
Loss on disposal of investment in associate	8(i)	-	(91)
Operating (loss)/revenue, net of interest expense		(2,082)	3,414
Other income		908	914
Total		(1,174)	4,328
Operating expenses			
Staff costs	17	140	115
Impairment reversal on loans and other assets		(41)	(67)
Impairment loss/(reversal) on investments		3	(8)
Other operating expenses	18	4,755	7,454
Total		4,857	7,494
Operating loss		(6,031)	(3,166)
Preference share dividend	20(f)	-	(2,556)
Loss for the year		(6,031)	(5,722)
Other comprehensive loss			
Items that are or may be reclassified to profit or loss:			
Realised gains on debt securities at FVOCI reclassified to profit or loss		-	190
Unrealised losses on debt securities at FVOCI		(497)	(706)
Total other comprehensive loss		(497)	(516)
Total comprehensive loss for the year		(6,528)	(6,238)

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Statement of Changes in Equity
Year ended March 31, 2023
Presented in United States dollars, except as otherwise stated)

	Share capital $'000 (note 13)	Fair value reserve $'000 (note 14)	Accumulated deficit $'000	Total $'000
Balances at March 31, 2021	**115,754**	**39**	**(3,085)**	**112,708**
Total comprehensive income for 2021				
Loss for the year	-	-	(5,722)	(5,722)
Other comprehensive loss for the year				
Unrealised losses on debt securities at FVOCI	-	(706)	-	(706)
Realised gains on securities at FVOCI	-	190	-	190
Other comprehensive loss	-	(516)	-	(516)
Total comprehensive loss for the year	-	(516)	(5,722)	(6,238)
Transactions with owners recorded directly in equity				
Dividends to equity holders (note 21)	-	-	(6,155)	(6,155)
Balances at March 31, 2022	**115,754**	**(477)**	**(14,962)**	**100,315**
Total comprehensive income for 2022				
Loss for the year	-	-	(6,031)	(6,031)
Other comprehensive income for the year				
Unrealised losses on securities at FVOCI being other comprehensive income	-	(497)	-	(497)
Total comprehensive loss for the year	-	(497)	(6,031)	(6,528)
Transactions with owners recorded directly in equity				
Issue of ordinary shares [note 13(a)]	10,207	-	-	10,207
Dividends to equity holders (note 21)	-	-	(2,440)	(2,440)
Balances at March 31, 2023	**125,961**	**(974)**	**(23,433)**	**101,554**

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Statement of Cash Flows
Year ended March 31, 2023
Presented in United States dollars, except as otherwise stated)

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Loss for the year		(6,031)	(5,722)
Adjustments for:			
Interest income	15	(1,973)	(2,541)
Interest expense	15	6,386	3,900
Dividend income		(3,221)	(4,521)
Impairment reversal on loans and other assets		(41)	(67)
Impairment loss/(reversal) on investments		3	(8)
Unrealised foreign exchange gain		(9)	(246)
		(4,886)	(9,205)
Change in operating assets and liabilities			
Acquisition of investment securities		(1,000)	(30,669)
Proceeds from disposal of investments securities		3,022	49,189
Loans receivable		14,702	(414)
Other assets		(2,161)	1,961
Owed by subsidiaries		(7,825)	(2,078)
Other liabilities		359	1,105
Repurchase agreements		(2,198)	(2,541)
Owed to related party		(2,610)	1,277
		(2,597)	8,625
Interest received		1,972	2,578
Dividend received		3,491	4,521
Interest paid		(6,482)	(4,129)
Income tax paid		-	746
Net cash (used in)/provided by operating activities		(3,616)	12,341
Cash flows from investing activities			
Acquisition of interest in subsidiaries		(9,493)	(67,520)
Net cash used in investing activities		(9,493)	(67,520)
Cash flows from financing activities			
Repayment of notes payable		(15,476)	(31,942)
Proceeds from issue of notes payable		30,464	89,260
Dividends paid	21,22	(2,440)	(6,155)
Net cash provided by financing activities		12,548	51,163
Net decrease in cash and cash equivalents		(561)	(4,016)
Cash and cash equivalents at beginning of year		2,973	6,989
Cash and cash equivalents at end of year		2,412	2,973

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

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Notes to the Financial Statements (Continued)
Year ended March 31, 2023
(*Presented in United States dollars, except as otherwise stated)*

1. Identification

During the year, the Board of Directors of PROVEN Investments Limited ('the Company') passed a resolution to effect a change of the name of the Company from 'PROVEN Investments Limited' to 'PROVEN Group Limited'.

Proven Group Limited ("the Company") is incorporated and domiciled in Saint Lucia under the International Business Companies Act, with registered office at 20 Micoud Street, Castries, Saint Lucia. The Company is controlled by MPS Holdings Limited by virtue of the rights associated with the manager's preference shares (see note 12). The Company's shares are listed on the Jamaica Stock Exchange.

The primary activities of the Company are the holding of tradable securities for investment purposes and holding equity in investees.

Proven Management Limited (PML), a Jamaican limited liability company, is responsible for managing the operations of the Company including identifying analysing and negotiating potential investments and monetising the performance of these investments. Management fees are paid to PML at a rate of 2% of the average Net Asset Value of the Company, together with general consumption tax, if applicable, for services provided [see note 20 (c)].

During the financial year, the Company embarked on a restructuring and rebranding exercise. This led to the incorporation of two new subsidiaries, along with the renaming of several entities, with the Proven brand (see note 7).

The Company has the following subsidiaries and associated companies:

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2023	Percentage ownership 2022
Proven Bank Holding Limited	Cayman	Holding company	100	-
Proven Bank (Cayman) Limited (formerly Fidelity Bank Cayman Limited) (see note 7)	Cayman Islands	Retail Banking Services	100	100
Proven Properties (Cayman) Limited (formerly Real Properties Limited)	Cayman Islands	Real estate investment	100	100
WBR Properties Limited	Cayman Islands	Real estate investment	50.5	50.5
Proven Bank (St. Lucia) Limited (formerly Boslil Bank Limited)	Saint Lucia	Private Banking	100	100
Proven International Holdings Limited (formerly Boslil International Holdings Limited)	Saint Lucia	Holding company	100	75
Proven Bond Fund Limited (formerly Boslil Bond Fund Limited)	Saint Lucia	Structured finance services investment management	100	100
Proven Equity Fund Limited (formerly Boslil Fund Limited)	Saint Lucia	Private mutual fund	100	100
Proven Secretarial Services (formerly Boslil Secretarial Services)	Saint Lucia	Private secretarial services	100	100
Proven Corporate Services Limited (formerly Boslil Corporate Services Limited)	Saint Lucia	Registered agent services	100	100
Proven Finance Limited (formerly Boslil Finance Limited)	Saint Lucia	Structured finance services investment management	100	100
Proven Sudamenco S.A. (formerly Boslil Sudamenco S.A)	Uruguay	Market research translation and business development services	100	100
Proven Investments Holding Limited	St. Lucia	Holding company	100	-
Heritage Education Funds International Inc.	Canada	Scholarship Trust plans	100	100

PROVEN GROUP LIMITED
(formerly PROVEN INVESTMENTS LIMITED)

Notes to the Financial Statements (Continued)
Year ended March 31, 2023
(*Presented in United States dollars, except as otherwise stated)*

1. Identification (continued)

The Company has the following subsidiaries and associated companies (continued):

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2023	2022
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, pension fund management and money market and equity trading	100	100
International Financial Planning Jamaica Limited	Jamaica	Fund management	100	100
Proven Wealth (Cayman Limited) (formerly International Financial Planning (Cayman Limited):	Cayman Islands	Investment advisory services	100	100
Proven Wealth Cayman Ltd (formerly IFP Cayman Ltd)	Cayman	Investment advisory services	100	100
Proven Wealth BVI Limited (formerly IFP BVI Limited)	BVI	Investment advisory services	100	100
Proven Wealth Bermuda Limited (formerly IFP Bermuda Limited)	Bermuda	Investment advisory services	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Proven | Properties Limited:	Saint Lucia	Real estate investment	100	100
Real 53 NPW Limited	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Real Millsborough Limited	Saint Lucia	Real estate investment	100	100
Real Bloomfield Limited	Saint Lucia	Real estate investment	100	100
Real PP Limited	Saint Lucia	Real estate investment	100	100
GIAU A1	Saint Lucia	Real estate investment	100	100
Real PP2 Limited	Saint Lucia	Real estate investment	100	100
Real Braemar	Saint Lucia	Real estate investment	100	100
Real Milford	Saint Lucia	Real estate investment	100	100
Real West Kings	Saint Lucia	Real estate investment	100	100
Real Gladstone Limited	Saint Lucia	Real estate investment	60	60
SKILLEX	Jamaica	Real estate investment	60	60
Grove Park Limited	Saint Lucia	Real estate investment	52	52
Omega Bay	Cayman	Real estate investment	40	40
Proven Properties Cayman Limited	Cayman	Real estate investment	100	-
Real Logistics Limited	Jamaica	Real eatate investment	100	-
GIAU B8	Jamaica	Real estate investmen	100	-
GIAU B10	Jamaica	Real estate investmentt	100	-
Proven Properties Jamaica Limited (formerly Proven Reit Limited)	Jamaica	Management services	100	100
Proven Holdings Limited	Saint Lucia	Holding company	100	100
Roberts Manufacturing Company Limited (see note 7)	Barbados	Production and distribution of animal feed	50.5	50.5
Pinnacle Feeds Limited	Barbados	Production and distribution of animal feed	60	60
Associate companies				
JMMB Group Limited	Jamaica	Investment management and banking services	20	20
Access Financial Services Limited (note 8)	Jamaica	Retail lending	24.72	24.72

2. Statement of compliance and basis of preparation

(a) Statement of compliance

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

New and amended standards that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to its financial statements. None of these new pronouncements resulted in any significant change to the amounts recognised or disclosed in the financial statements.

New and amended standards that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards have been issued which were not effective for the current year and which the Company has not early-adopted. The Company has assessed them with respect to its operations and has determined that the following are relevant:

(i) Amendments to IAS 1 Presentation of Financial Statements are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The Company does not expect the amendment to have a significant impact on its 2024 financial statements.

(ii) Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards that are not yet effective (continued):

(ii) (Continued)

Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, the standard requires that a right to defer settlement must have substance and exist at the reporting date.

It has now been clarified that a right to defer exists only if the entity complies with conditions specified in a loan agreement at the reporting date, even if the lender does not test compliance until a later date. With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a reporting entity classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

The Company does not expect the amendment to have a significant impact on its 2024 financial statements.

(iii) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The Company does not expect the amendment to have a significant impact on its 2023 financial statements.

2. Statement of compliance and basis of preparation (continued)

(b) Basis of measurement:

These financial statements are intended to show the affairs of the Company as a stand-alone business. They are not intended to, and do not show the consolidated financial position, results of operations and cash flows of the Company and its subsidiaries. The Company's interests in subsidiaries (note 7) are measured at cost less allowance for impairment. Unless otherwise indicated, reference to "financial statements" herein are to the unconsolidated financial statements.

The financial statements are prepared on the historical cost basis, except for the inclusion of investment securities at fair value through other comprehensive income or at fair value through profit or loss.

(c) Functional and presentation currency:

The financial statements are presented in United States dollars (USD), which is the functional currency of the Company, rounded to the nearest thousand, unless otherwise indicated.

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies:

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

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

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(i) Key sources of estimation uncertainty

(1) Impairment of financial assets:

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

2. Statement of compliance and basis of preparation (continued)

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

(i) Key sources of estimation uncertainty (continued)

(1) Impairment of financial assets (continued):

Detailed information about the judgements and estimates made by the Company in the above areas is set out in notes 3(d) and 22(b).

(2) Fair value of financial instruments

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices. In the absence of quoted market prices, the fair value of a significant proportion of the Company's financial assets are determined using fair value models. Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimate arrived at may be significantly different from the actual price of the instrument in arm's length transaction. (See notes 4 and 23).

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

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

Management is sometimes also required to make critical judgements in applying accounting policies. These include the following judgements:

- Whether the criteria are met for classifying financial assets. For example, the determination of whether a security may be classified as at "fair value through profit or loss (FVTPL)", "fair value through other comprehensive income (FVOCI)" or "amortised cost" (note 4) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 23) requires judgement as to whether a market is active. [see note 3(a)].
- In determining whether the Company has control or significant influence over an investee and how to account for that investee, management considers the percentage of the investee's share capital that it holds and makes judgements about other relevant factors affecting control or significant influence over the relevant activities of the investee [see notes 3(f), 3(g), 7 and 8].

3. Significant accounting policies

(a) Financial instruments – Classification, recognition and de-recognition, and measurement

(i) Classification of financial assets

In applying IFRS 9, the Company classifies its financial assets in the following measurement categories:

a. Fair value through profit or loss (FVTPL);
b. Fair value through other comprehensive income (FVOCI); or
c. Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on the Company's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 22(b). Interest income from these financial assets is included in 'interest and similar income' using the effective interest method.

Fair value through other comprehensive income (FVOCI): 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 Company 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: Assets that do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss within 'Net fair value adjustments and realised gains' in the period in which it arises. Interest income from these financial assets is included in interest income using the effective interest method.

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(i) Classification of financial assets (continued)

The classification requirements for debt and equity instruments are described below (continued):

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at fair value through profit or loss, except where management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Gains and losses on equity investments at FVTPL are included in the 'Net fair value adjustments and realised gains' caption in profit or loss.

Business model assessment

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the assets' performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition and de-recognition, and measurement

(i) Classification of financial assets (continued)

Business model assessment (continued)

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(ii) Recognition and derecognition - non-derivative financial assets and financial liabilities

The Company recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Company initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership but does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(iii) Financial liabilities

The Company classifies non-derivative financial liabilities into the "other financial liabilities" category. These are measured at amortised cost.

3. Significant accounting policies (continued)

(a) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(iv) Measurement of gains and losses on financial assets

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Gains and losses on equity instruments classified at FVOCI are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment. However, any difference between the carrying value and the amount realised on sale is recognised in profit or loss.

(b) Financial instruments - Other

(i) Non-trading derivatives

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange, or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Company makes use of derivatives to manage its own exposure to foreign exchange and interest rate risk.

The Company evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a "host contract"). The Group accounts for an embedded derivative separately from the host contract when (i) the host contract is not itself carried at fair value through profit or loss, (ii) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and (iii) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are accounted for depending on their classification and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

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

3. Significant accounting policies (continued)

(b) Financial instruments – Other (continued)

(ii) Cash and cash equivalents

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

Cash and cash equivalents are measured at amortised cost.

(iii) Resale agreements

Resale agreements are accounted for as short-term collateralised lending, and are classified as at amortised cost. On initial recognition they are measured at fair value. Subsequent to initial recognition they are measured at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income using the effective interest method.

At the reporting date, the fair value of the securities held as collateral for resale agreements was $3,332,000 (2022: $1,715,000).

(iv) Other assets

Other assets are measured at amortised cost less impairment losses.

(v) Other liabilities

Other liabilities are measured at amortised cost.

(vi) Share capital

The Company 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 preference share capital, it is classified as:

(1) equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary, in which case, dividends thereon are recognised as distributions within equity;

(2) liability if it is redeemable on a specific date or at the option of the holders, or if dividends are not discretionary, in which case, dividends thereon are recognised as interest in profit or loss.

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

3. Significant accounting policies (continued)

(b) Financial instruments – Other (continued)

(vii) Loans receivable

Loans receivable are measured at amortised cost less impairment allowances, see note 3(d).

(viii) Accounts payable

Accounts payable are measured at amortised cost.

(ix) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on the effective interest basis.

(x) Offsetting

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

(xi) Amortised cost

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

(c) Income tax

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case, it is recognised accordingly.

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

(d) Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments measured at amortised cost and debt instruments at FVOCI. No impairment loss is recognised on equity instruments which are measured at FVTPL.

3. Significant accounting policies (continued)

(d) Impairment of financial assets (continued)

Framework

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. See below for a description of how the Company determines when a significant increase in credit risk has occurred.
- A financial asset is credit impaired ('Stage 3') when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below and note 22(b) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. See note 22(b) for an explanation of how the Company has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired ('Stage 3'). Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.
- In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

3. Significant accounting policies (continued)

(d) Impairment of financial assets

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset for the determination of ECL.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Measurement of ECL

The Company measures loss allowances at an amount equal to lifetime ECL, except for debt investment securities with low credit risk at the reporting date and certain financial assets on which credit risk has not increased significantly, which are measured as 12-month ECL. The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure default (EAD) for each future month and for each individual exposure.

3. Significant accounting policies (continued)

(d) Impairment of financial assets (continued)

Measurement of ECL (continued)

These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed.

The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

ECL is a probability-weighted estimate of credit losses, measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn and the cash flows that the Company expects to receive;

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

(e) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(f) Investment in subsidiaries

Subsidiaries are all entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee.

3. Significant accounting policies (continued)

(f) Investment in subsidiaries (continued)

Investment in subsidiaries is measured in the financial statements of the Company at cost, less impairment losses, if any.

(g) Business combination under common control

When a common control transaction is effected through the acquisition of assets and liabilities constituting a business under IFRS 3 *Business Combinations* (from an entity under common control) rather than by acquiring shares in that business, then the Company accounts for business combination under common control using the book value method. In applying book value accounting, the transaction is recognised as a distribution or contribution from a transaction with shareholders. The relevant book value is the carrying amount of the investee in the separate financial statements of the transferor.

(h) Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the relevant financial and operating policies. Interest in associates are measured at cost, less allowance for impairment.

(i) Revenue recognition

Revenue comprises interest income, dividend income, and gains from holding and trading securities and property sales.

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not ‘POCI’ but have subsequently become credit impaired (or ‘stage 3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss allowance).

(ii) Dividends

Dividend income is recognised when the right to receive income is established. For quoted securities, this is usually the ex-dividend date.

(iii) Gains or losses on holding and trading securities

Gains or losses on securities trading are recognised when the Company becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

3. Significant accounting policies (continued)

(j) Interest expense

Interest expense is recognised in profit or loss 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 amortisation of premium on instruments issued at other than par.

4. Investment securities

	2023 $'000	2022 $'000
Financial assets at fair value through profit or loss		
Quoted equities	1,333	3,872
Unit Trust	-	500
Private equity funds	453	443
	1,786	4,815
Financial assets at fair value through other comprehensive income		
Global bonds	3,230	3,354
Corporate bonds	4,117	3,479
	7,347	6,833
Total investment securities	9,133	11,648

As at March 31, 2023, $6,169,000 (2022: $6,185,000) of investment securities is expected to be recovered after 12 months from the reporting date.

Investment securities are used as collateral for margin loan facilities provided by the Company's brokers [note 10(ii)]

5. Loans receivable

	2023 $'000	2022 $'000
Corporate notes	14,616	30,065
Less allowance for expected credit losses [see (b)]	(198)	(239)
	14,418	29,826

5. Loans receivable (continued)

(a) Loans receivable, net of allowance for expected credit losses, are due from the reporting date as follows:

	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
			2023		
Corporate notes	903	10,893	1,880	742	14,418
			2022		
Corporate notes	6,517	11,669	10,738	902	29,826

The movement on the expected credit losses is as follows:

	2023 $'000	2022 $'000
Balance at the beginning of the year	239	306
Impairment allowances reversed	(41)	(67)
Balance at the end of the year	198	239

6. Other assets

	2023 $'000	2022 $'000
Interest receivable	293	292
Prepayments	63	482
Other	3,043	461
	3,399	1,235

7. Investment in subsidiaries

	2023 $'000	2022 $'000
Ordinary shares, at cost:		
Proven Bank Holding Limited[see (v) below]	58,007	-
Proven Investments Holding Limited[see (v) below]	135,342	-
Proven Bank (Cayman) Limited [see (i) below]	-	32,117
Roberts Manufacturing Company Limited [see (ii) below]	21,453	21,453
Heritage Education Funds International [see (iii) below]	-	8,290
Proven Wealth Limited	-	16,567
Proven Properties Limited	-	23,848
Asset Management Company Limited	412	412
Proven Bank (St. Lucia) Limited	-	11,935
International Financial Planning Jamaica Limited	-	18,176
Proven Holdings Limited	-	47,756
Proven Wealth (Cayman) Limited	-	14,213
	215,214	194,767

(i) Proven Bank (Cayman) Limited

Effective February 1, 2022, the Company acquired 3,800,000 common shares, representing a 100% interest in Proven Bank (Cayman) Limited (PBCL) from Fidelity Bank & Trust International Limited for a consideration of $32,116,949. PBCL is incorporated in the Cayman Islands. FBCL is licensed as a Category A Bank to carry on banking business in the Cayman Islands, subject to certain restrictions contained in the terms of the license. PBCL and its subsidiaries offer a full range of retail banking services, including internet and telephone banking, acceptance of deposits, granting of loans and the provision of foreign exchange services through each of its two (2) branches in Grand Cayman.

(ii) Roberts Manufacturing Company Limited

Effective June 1, 2021, the Company acquired 5,806,495 common shares, representing a 50.5% interest in Roberts Manufacturing Company Limited (RMCL) from Massy Properties (Barbados) Limited for a consideration of $21,452,500. The principal activities of RMCL are the production and distribution of animal feed, dog food, margarine and shortening, soybean meal and soybean oil.

(iii) Heritage Education Funds International Inc.

Effective October 1, 2021, the Company acquired 100 common shares, representing a 100% interest in Heritage Education Funds International Inc (HEFI) from Knowledge First Foundation for a consideration of $8,289,758. HEFI is the distributor of the Heritage International Scholarship Trust Plan- Fund D and assists the Heritage International Scholarship Trust Plan Foundation in administering the Plan. The Plan is currently distributed in the Bahamas, Bermuda, Jamaica and the British Virgin Islands.

(iv) Proven Bank (St. Lucia) Limited (formerly Boslil Bank limited)

Effective October 7, 2022, PGL acquired the remaining 25% shares in Proven Bank St. Lucia Limited from a minority shareholder for US$10.9M by issuing additional PGL shares of 42,300,000.

On November 7th, PGL Transfers 100% of Proven Bank St. Lucia Limited shares to Proven Bank Cayman (formerly FidelityBank Limited) for valuable consideration.

7. Investment in subsidiaries (continued)

(v) With the acquisition of Proven Bank (Cayman) Limited, regulatory approval was required from the Regulator of the jurisdiction, the Cayman Islands Monetary Authority -CIMA ("the Authority") who stipulated as conditional of its approval of the transaction, that the Banking entities within the Group should conform to consolidated supervision by the Authority. This necessitated that Proven Bank (St. Lucia) Limited (formerly Boslil Bank) Limited as a bank within the Group, must fall under its supervision.

This requirement of the Authority and the need to comply, initiated the reorganisation process for separation of the banking and non-banking subsidiaries of PGL under two separate Holding companies, Proven Investments Holdings Limited and Proven Bank Holding Limited.

8. Investment in associate

	2023 $'000	2022 $'000
Carrying amount of interest in associate:		
Access Financial Services Limited [see (ii) below]	4,698	4,968
	4,698	4,968

(i) Disposal of shares in Dream Entertainment Limited

Effective July 9, 2021, the Company disposed of its 20% interest in Dream Entertainment Limited.

(ii) Interest in Access Financial Services Limited

The Company's shareholdings in Access Financial Services Limited represents 24.72% of that entity. Access Financial Services Limited is listed entity on the Jamaica Stock Exchange. As at March 31, 2023, the fair value of the Company's investment was $11,525,000 (2022: $8,872,000).

9. Owed by/(to) related parties

	2023 $'000	2022 $'000
Owed by subsidiaries - current account	10,452	2,627
Owed to other related parties		
Current accounts	(215)	(275)
Dividend payable	-	(2,550)
	(215)	(2,825)

Current accounts for other related parties represent accrued management fees and amounts payable to Proven Management Limited. These amounts are payable on demand without interest.

10. Notes and loans payable

	2023 $'000	2022 $'000
Structured notes [see (i) below]	154,811	134,798
Short-term loan [see (ii) below]	5,000	10,025
	159,811	144,823

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

(ii) Short term loan represents credit line facility provided by Proven Bank (St. Lucia) Limited to the Company. The facility has a fixed coupon rate of 5% to be paid at the maturity date, September 12, 2023 (2022: 4.75% to be paid at the maturity date, January 26, 2023) [(note 20(e)].

11. Other liabilities

	2023 $'000	2022 $'000
Interest payable	726	631
Accrued charges	350	383
Other	1,589	1,388
	2,665	2,402

12. Preference shares

	2023 $'000	2022 $'000
Liability:		
Manager's preference shares [see (a)]	1	1

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

(i) the shares rank *pari passu* as between and among themselves;

(ii) each share is entitled to a cumulative annual preference dividend equal to:

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

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

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12. Preference shares (continued)

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

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

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

13. Share capital

	2023 $'000	2022 $'000
Authorised:		
2,999,990,000 Ordinary shares, par value US$0.01 each	29,999,900	29,999,900
10,000 Manager's Preference Shares, par value US$0.01 each	100	100
300,000,000 8.25% Cumulative Redeemable Preference Shares, par value US$0.01 each	3,000,000	3,000,000
700,000,000 cumulative redeemable Preference share, par value US$0.01 each	7,000,000	7,000,000
	40,000,000	40,000,000

	2023 Units	2022 Units	2023 $'000	2022 $'000
Issued and fully paid:				
Ordinary shares (a)	801,732,000	759,432,000	125,961	115,754
Manager's Preference Shares (b)	10,000	10,000	1	1
			125,962	115,755
Less: Preference shares classified as liability (see note 12)			(1)	(1)
			125,961	115,754

(a) On October 6, 2022, the Board of Directors passed a resolution for the agreement of sale and transfer of shares for the purchase of the 25% non-controlling interest in Proven Bank (St. Lucia) Limited (formerly Boslil Bank Limited). The Company settled its obligation to pay the purchase price by the issue of 42,300,000 newly issued ordinary shares.

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

(b) The rights and entitlements of the holders of the preference shares are set out in note 12.

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14. Fair value reserve

This represents the cumulative net unrealised gains and losses in fair value, net of taxation, on the revaluation of FVOCI investment securities, and remains until the securities are derecognised or impaired.

15. Net interest expense

	2023 $'000	2022 $'000
Interest income, computed using the effective interest method:		
GOJ benchmark investment notes	4	156
Regional and corporate bonds	360	301
Global bonds	194	229
Corporate note	1,275	1,774
Other	140	81
	1,973	2,541
Interest expense, computed using the effective interest method:		
Interest on margin loans	-	2
Notes payable	3,374	2,880
Other	3,012	1,018
	6,386	3,900
Net interest expense	(4,413)	(1,359)

16. Net fair value adjustments and realised gains

	2023 $'000	2022 $'000
Unrealised fair value (losses)/gains on equity securities	(899)	97

17. Staff costs

	2023 $'000	2022 $'000
Directors' fees [see note 20(d)]	140	115

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18. Other operating expenses

	2023 $'000	2022 $'000
Audit fees	248	167
Irrecoverable General Consumption Tax	88	149
Legal and other professional fees	825	2,835
Marketing and advertising	411	194
Miscellaneous	2	12
Management fees (note 20)	2,673	3,304
Irrecoverable income tax withheld	41	35
Commission expenses and fees	100	468
Printing and stationery	33	25
Travelling	138	69
Other operating expenses	196	196
	4,755	7,454

19. Taxation

(a) Income tax is computed at 30% (2022: 1%) of taxable profit for the year as adjusted for tax purposes, and is made up as follows:

	2023 $'000	2022 $'000
Current tax charge:		
Tax charge on current period's profit	-	-

(b) Reconciliation of actual tax expense:

The tax rate for the company is 30% (2022: 1%) of profits. However, the Company made a loss hence no taxes. The actual tax charge for the year is as follows:

	2023 $'000	2022 $'000
Loss before taxation	(6,031)	(5,722)
Computed "expected" tax credit	(1,810)	(57)
Disallowed expense	646	49
Tax free income	(1,467)	(65)
The effect of tax losses not recognised	2,631	73
	-	-

Deferred income tax assets have not been recognised for the tax losses carried forward as management has determined that it is not probable that the assets will be realisable through future taxable profits.

20. Related party transactions

(a) Definition of related party

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

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

(1) has control or joint control over the Company;
(2) has significant influence over the Company; or
(3) is a member of the key management personnel of the Company or of a parent of the Company.

ii) An entity is related to the Company if any of the following conditions applies:

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

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

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

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

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

(8) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Company or the parent of the Company.

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

(b) Identity of related parties

The Company has related party relationships with its subsidiaries and associates and with its directors and executive officers and those of its subsidiaries and associates.

(c) The Company has engaged a related party, Proven Management Limited to provide investment management services in relation to financial instruments held in a number of funds, and the business and operations of the Company, for a fee. The fee is charged at 2% of the Consolidated Average Net Asset Value in the financial year [see note 20(f)]. This entity is considered a related party as it is controlled by Directors of the Company.

	2023	2022
	$'000	$'000
Investment management fees paid for the year	2,449	3,029
Fees accrued at end of year	224	275
	2,673	3,304

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20. Related party transactions (continued)

(d) Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the relevant activities of the Company, directly or indirectly. Such persons comprise the directors and executive officers (see note 17).

(e) The statement of financial position includes balances, arising in the ordinary course of business, with its directors and key management. These amounts are disclosed in note 9 and 10(ii).

(f) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties as described in note 1 and note 20 (c):

	2023 $'000	2022 $'000
MPS Holdings Limited		
Dividends paid	-	2,556
Proven Management Limited		
Management fees	2,673	3,304
Proven Bank (St. Lucia) Limited		
Interest paid	374	630

21. Distribution to equity holders

	2022 $'000	2022 $'000
Distribution to ordinary Stockholder per stock unit at 0.31¢ (2022: 0.81¢)	2,440	6,155

22. Financial instruments - risk management

(a) Introduction and overview:

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

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

22. Financial instruments - risk management (continued)

(a) Introduction and overview (continued):

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

(i) Investment Management Committee
(ii) Audit Committee

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

The Company accepts investments from customers at both fixed and floating rates and for various periods and seeks to earn above-average interest margins by investing these funds in high quality assets.

The Company seeks to increase these margins by consolidating short-term funds and investing for longer periods at higher rates while maintaining sufficient liquidity to meet encashments as they fall due.

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

(b) Credit risk:

Management of credit risk attaching to key financial assets

Investment securities and loans receivable

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated loss ratios and the default correlations between counterparties.

The Company uses ECL models developed by independent service providers to determine the ECL allowances for its investments and loans receivable. The models measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The Company uses a provision matrix in applying the simplified model for trade receivables.

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

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22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

- Debt securities and other financial assets at amortised cost:

	2023 Stage 1 $'000	2022 Stage 1 $'000
Credit grade		
Cash and cash equivalents and resale agreements	6,736	5,099
Other assets	3,399	1,235
	10,135	6,334

- Debt securities at FVOCI:

	2023 Stage 1 $'000	2022 Stage 1 $'000
Credit grade		
Non-investment	7,347	6,833
Expected credit losses	(34)	(31)

- Loans receivable at amortised cost:

	2023		
	Stage 1 $'000	Stage 3 $'000	Total $'000
Ageing of loans receivable			
Current	14,528	-	14,528
Over 90 days	-	88	88
	14,528	88	14,616
Loss allowance	(110)	(88)	(198)
Total	14,418	-	14,418

	2022		
	Stage 1 $'000	Stage 3 $'000	Total $'000
Ageing of loans receivable			
Current	29,977	-	29,977
Over 90 days	-	88	88
	29,977	88	30,065
Loss allowance	(151)	(88)	(239)
Total	29,826	-	29,826

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

The key judgements and assumptions adopted by the Company in addressing the requirements of IFRS 9 are discussed below:

Credit risk grades

The Company uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties and internal rating models tailored to the various categories of counterparty.

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for personal exposures; and turnover and industry type for commercial exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models incorporate expert judgement from the Credit Risk Officers in determining the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the standard data inputs into the model.

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are monitored and regularly updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company does not apply the low credit risk exemption to any other financial instruments.

Determining whether credit risk has been increased significantly (Stage 2)

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in Probabilities of Default (PD). Credit risk is deemed to increase significantly where the probability of default on a security or a loan has moved by six (6) basis points.
- qualitative indicators; and
- a backstop of 30 days past due, determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

The key judgements and assumptions adopted by the Company in addressing the requirements of IFRS 9 are discussed below (continued):

Determining whether credit risk has been increased significantly (Stage 2) (continued)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Company determines a probation period during which the financial asset is required to demonstrate evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, the Company monitors the instruments for up-to-date payment performance against the modified contractual terms as evidence that the criteria for recognising lifetime ECL are no longer met.

Incorporation of forward-looking information

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Company’s Finance team and provide the best and worst estimate view of the economy.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and comparing historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD.

In addition to the base economic scenario, the Company considers other possible scenarios and scenario weightings. The Company concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

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22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Incorporation of forward-looking information (continued)

The economic scenarios used as at March 31, 2023 and 2022, the following key indicators represents scores used to adjust the forward-looking information for Jamaica for the years 2024 to 2023:

	2024	2023
Unemployment rates		
Base	20%	18%
Upside	30%	29%
Downside	39%	38%
Interest rates		
Base	31%	27%
Upside	31%	29%
Downside	19%	19%
GDP Growth		
Base	27%	27%
Upside	21%	29%
Downside	24%	25%
Inflation rates		
Base	21%	27%
Upside	17%	14%
Downside	19%	19%

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP).

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following:

Lifetime PD models calculate probabilities of default at a minimum of an annual frequency for 20 years. Beyond 20 years, due to lack of available data and the challenge of predicting PDs this far into the future, the model assumes that the 20 year annual marginal PD holds constant from the 20 year mark until maturity.

LGD is the magnitude of the likely loss if there is a default. The recovery rate model provides transparent, timely (point-in-time), quantitative estimates of recovery rates of issues within different liability classes of a given counterparty.

The bond recovery rate model is based on historically realised recovery rates of defaulted bonds. Realised recovery rates are defined as the trading price of defaulted bonds approximately 30 days after default. Effectively, the model is a non-linear factor based model. Historical recovery rate data was compared to a variety of factors in order to determine correlations between these factors and the amount recovered (as defined above). These correlations were then used to determine the coefficients in a non-linear factor model which is used for projecting recovery rates and losses prospectively. The output from this model can be used either on a stand-alone basis to estimate recovery by specific liability class upon default, or as inputs to a more comprehensive portfolio credit risk management system.

EAD represents the expected exposure in the event of a default. The Company uses an established third party service provider to determine client-specific exposure at default ("EAD") amounts on a position-by position or lot-by-lot basis. In preparing the full lifetime ECL calculation, the EAD is calculated at annual intervals from the reporting date out to maturity. The reporting date, transaction date and transaction price are used to calculate the accounting exposure at default. If not provided, an accounting effective interest rate is calculated using the transaction date and price (see section below) and is applied to the future cash flows of the particular instrument to discount these cash flows. This is done on an annual basis from reporting date out to maturity.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

- Debt securities and loans receivable at amortised cost:

	2023	
	Stage 1	Stage 3
	$'000	$'000
Balance at April 1	151	88
Re-measurement of loss allowance	(41)	-
Balance at March 31	110	88

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Measurement of ECL (continued)

Loss allowance (continued)

- Debt securities and loans receivable at amortised cost (continued):

	2022	
	Stage 1	Stage 3
	$'000	$'000
Balance at April 1	218	88
Re-measurement of loss allowance	(67)	-
Balance at March 31	151	88

- Debt securities at FVOCI:

	2023	2022
	Stage 1	Stage 1
	$'000	$'000
Balance at beginning of year	31	39
Loss allowance from disposal of securities	-	(13)
Loss allowance from acquisition of securities	3	5
Balance at March 31	34	31

(i) Maximum exposure to credit risk:

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

The Company manages its credit risk exposure as follows:

- Cash and cash equivalents

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

- Investment securities

  The Company manages the level of risk it undertakes by investing substantially in sovereign debts and counterparties with acceptable credit ratings.

- Accounts receivable

  Exposure to credit risk is managed by regular analysis of the ability of the customers and other counterparties to meet repayment obligations and regular follow-ups.

22. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Measurement of ECL (continued)

(i) Maximum exposure to credit risk (continued):

The Company manages its credit risk exposure as follows (continued):

- Loans receivable

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

(ii) Concentration of credit risk:

There is no significant concentration of credit risk.

(c) Liquidity risk:

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

The Company has implemented a Liquidity Risk Response Strategy (including stress testing scenarios) within the Company with portfolios that possess the largest liquidity risk implications.

(i) Liquidity risk management:

The Company's liquidity management process, as monitored by the Investment Management Committee, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates collateral which could be used to secure funding if required;

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

(iii) Optimising cash returns on investment including investments in subsidiaries where dividend income is expected to be received;

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

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

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22. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(i) Liquidity risk management (continued):

The table below presents the undiscounted cash flows of the Company's financial labilities (both interest and principal cash flows) based on contractual repayment obligations.

	2023						
	0-365 days	1-2 years	2-3 year	Over 3 years	No specific maturity date	Total contractual outflow	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Owed to related parties	-	-	-	-	215	215	215
Notes payable	62,076	99,287	-	7,940	-	169,303	159,811
Preference shares	-	-	-	-	1	1	1
Other liabilities	-	-	-	-	2,665	2,665	2,665
Total financial liabilities	62,076	99,287	-	7,940	2,881	172,184	162,692

	2022						
	0-365 days	1-2 years	2-3 year	Over 3 years	No specific maturity date	Total contractual outflow	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Owed to related parties	-	-	-	-	2,825	2,825	2,825
Notes payable	12,254	137,152	5,584	8,230	-	163,220	144,823
Preference shares	-	-	-	-	1	1	1
Other liabilities	-	-	-	-	2,402	2,402	2,402
Total financial liabilities	12,254	137,152	5,584	8,230	5,228	168,448	150,051

(ii) Reconciliation of movements of liabilities to cash flow arising from financing activities

	2023		
	Structured notes	Short-term loan	Total
Balance at April 1, 2022	134,798	10,025	144,823
Proceeds from borrowings	25,464	5,000	30,464
Repayment of borrowings	(5,451)	(10,025)	(15,476)
Balance at March 31, 2023	154,811	5,000	159,811

	2022			
	Structured notes	Short-term loan	Margin loans	Total
Balance at April 1, 2021	79,917	7,400	188	87,505
Proceeds from borrowings	86,635	2,625		89,260
Repayment of borrowings	(31,754)	-	(188)	(31,942)
Balance at March 31, 2022	134,798	10,025	-	144,823

22. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(iii) Reconciliation of movements of dividends paid to cash flow arising from financing activities

	2023
	$'000
Balance as at April 1, 2022	-
Dividend declared	2,440
Divedend paid	(2,440)
Balance as at March 31, 2023	-

	2022
	$'000
Balance as at April 1, 2021	-
Dividend declared	6,155
Divedend paid	(6,155)
Balance as at March 31, 2022	-

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

These arise mainly from changes in interest rate, foreign currency rates and equity prices and will affect the Company's income or the value of its holdings of financial instruments.

Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk is the Jamaica dollar (JMD). The Company manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

22. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

At the reporting date, exposure to foreign currency risk was as follows:

	2023 $'000	2022 $'000
Assets		
Cash and cash equivalents	83,237	221,921
Loans receivable	1,020,265	1,022,065
Resale agreement	-	326,316
Investment securities	200,614	559,358
Due from related party	15,049	-
Other	85,894	10,238
	1,405,059	2,139,898

	2023 $'000	2022 $'000
Liabilities		
Owed to related parties	6,604	332,748
Notes payable	1,828,338	2,237,658
Other	199,736	27,713
	2,034,678	2,598,119
Net position	(629,619)	(458,221)

The Company's transactions that are in Barbados dollars has no foreign currency exposure since there are fixed exchange rates between the Barbados dollar and United States dollar.

Sensitivity to exchange rate movements:

The following indicates the sensitivity to changes in foreign currency exchange rates of the Company's profit and shareholders' equity. The analysis is computed by applying a reasonably possible change in exchange rates to foreign currency denominated monetary assets and liabilities as assessed by management at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and was done on the same basis as 2022.

	2023		
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:			
JMD	1% Revaluation	41	-

22. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

At the reporting date, exposure to foreign currency risk was as follows (continued):

Sensitivity to exchange rate movements (continued):

	2022		
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:			
JMD	2% Revaluation	61	-

	2023		
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:			
JMD	4% Devaluation	161	-

	2022		
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:			
JMD	8% Devaluation	221	-

(ii) Cash flow and fair value interest rate risk:

Cash flow risk is the risk that the future cash flows of a financial instrtument will fluctuate because of changes iin market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched with that of its financial liabilities; and where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

Variable rate instruments expose the Company to cash flow interest rate risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk.

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22. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Cash flow and fair value interest rate risk (continued):

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

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

	2023						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	-	-	-	-	-	2,412	2,412
Resale agreement	3,906	149	-	269	-	-	4,324
Investment securities	-	-	472	1,000	5,874	1,787	9,133
Loans receivable	903	120	10,773	1,880	742	-	14,418
Other assets	-	-	-	-	-	3,399	3,399
Owed by subsidiaries	-	-	-	-	-	10,452	10,452
Total assets	4,809	269	11,245	3,149	6,616	18,050	44,138
Liabilities							
Owed to related Parties	-	-	-	-	-	215	215
Notes payable	-	4,954	50,839	97,582	6,436	-	159,811
Other liabilities	-	-	-	-	-	2,665	2,665
Preference shares	-	-	-	-	-	1	1
Total liabilities	-	4,954	50,839	97,582	6,436	2,881	162,692
Interest rate sensitivity gap	4,809	(4,685)	(39,594)	(94,433)	180	15,169	(118,554)
Cumulative interest rate sensitivity gap	4,809	124	(39,470)	(133,903)	(133,723)	(118,554)	-

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22. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	2022						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	-	-	-	-	-	2,973	2,973
Resale agreement	2,126	-	-	-	-	-	2,126
Investment securities	-	-	650	449	5,736	4,813	11,648
Loans receivable	6,517	-	11,669	10,738	902	-	29,826
Other assets	-	-	-	-	-	1,235	1,235
Owed by subsidiaries	-	-	-	-	-	2,627	2,627
Total assets	8,643	-	12,319	11,187	6,638	11,648	50,435
Liabilities							
Owed to related parties	-	-	-	-	-	2,825	2,825
Notes payable	-	-	10,025	128,362	6,436	-	144,823
Other liabilities	-	-	-	-	-	2,402	2,402
Preference shares	-	-	-	-	-	1	1
Total liabilities	-	-	10,025	128,362	6,436	5,228	150,051
Interest rate sensitivity gap	8,643	-	2,294	(117,175)	202	6,420	(99,616)
Cumulative interest rate sensitivity gap	8,643	8,643	10,937	(106,238)	(106,036)	(99,616)	-

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

	2023		2022	
	JMD %	USD %	JMD %	USD %
Assets				
Investment securities	-	3.03	3.50	11.00
Loans receivable	7.55	1.78	12.00	9.00
Liabilities				
Notes payable	3.89	3.90	4.25	4.71

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on profit or loss and other components of equity. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of financial assets and financial liabilities. The sensitivity of other ocmponents of equity is calculated by revaluing fixed rate FVOCI for the effects fo the assumed changes in interest rates.

22. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

Interest rate sensitivity (continued)

	2023	
	Effect on net profit $'000	Effect on comprehensive income $'000
Change in basis points:		
Decrease 50 basis points	(109)	(109)
Increase 100 basis points	1,591	1,591

	2022	
	Effect on net profit $'000	Effect on comprehensive income $'000
Change in basis points:		
Decrease 50 basis points (USD)	(801)	(801)
Increase 150 basis points (USD)	1,503	1,503
Decrease 50 basis points (JMD)	(106)	(106)
Increase 30 basis points (JMD)	240	240

(iii) Price risk:

Sensitivity to equity price movements

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

The Company's exposure to price risk is represented by the total carrying value of equity investments on the statement of financial position of $1,227,000 (2022: $4,063,000).

A 6% (2022: 5%) change in stock prices at March 31, 2023 would have impacted profit by $73,600 (2022: $193,600).

22. Financial instruments - risk management (continued)

(e) Capital management:

The Company's objectives when managing capital are as follows:

(i) To comply with the capital requirements set by the Financial Services Regulatory Authority ('the Authority) in St. Lucia.

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

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

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

The Company complied with the capital requirements set by the regulators. There were no changes in how the Company measures and manages capital during the year.

(f) Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where a quoted market price is available for an asset or liability, fair value is computed using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of observable data as far as possible.

Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

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

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

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are based on available market data.

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23. Financial instruments – fair values

(a) Valuation techniques for investment securities classified as Level 2

Type	**Valuation techniques**
Government of Jamaica securities:	
US$ denominated Securities	• Obtain bid price provided by a recognised independent source, namely, Bloomberg. • Apply price to estimate fair value.
J$ Denominated Securities	• Obtain bid price provided by a recognised industry source (which uses Jamaica-market source indicative bids). • Apply price to estimate fair value.
J$ Denominated Securities	• Obtain bid price provided by a recognised industry source (which uses Jamaica-market source indicative bids). • Apply price to estimate fair value.
Global bonds	• Obtain bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Unit Trust	• Obtain prices quoted by unit trust managers. • Apply price to estimate fair value.
Corporate bonds	• Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.

(b) Accounting classifications and fair values:

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

23. Financial instruments – fair values (continued)

(b) Accounting classifications and fair values (continued):

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. The Company does not disclose the fair value of cash and cash equivalents, loans receivable, other assets, owed by subsidiaries, owed to related parties, notes payable, other liabilities and preference shares because the carrying amounts of these financial instruments are a reasonable approximation of fair values.

	2023					
	Carrying amount			Fair value		
	FVOCI	Fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value						
Global bonds	3,230	-	3,230	-	3,230	3,230
Corporate bonds	4,117	-	4,117	-	4,117	4,117
Quoted equities	-	1,333	1,333	1,333	-	1,333
Private equity funds	-	453	453	-	453	453
	7,347	1,786	9,133	1,333	7,800	9,133

	2022					
	Carrying amount			Fair value		
	FVOCI	Fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value						
Global bonds	3,354	-	3,354	-	3,354	3,354
Corporate bonds	3,479	-	3,479	-	3,479	3,479
Quoted equities	-	3,872	3,872	3,872	-	3,872
Private equity funds	-	443	443	-	443	443
Unit trust	-	500	500	-	500	500
	6,833	4,815	11,648	3,872	7,776	11,648