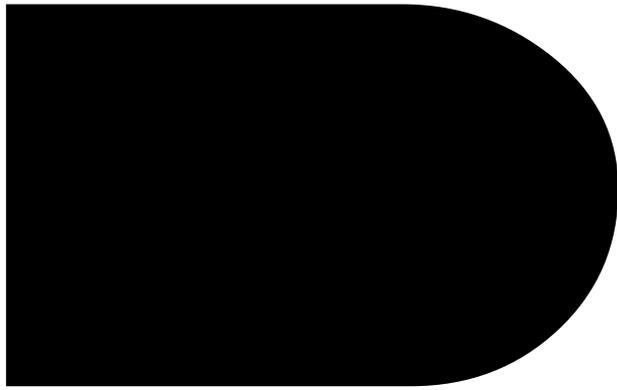


**THE INVESTMENT
MAGAZINE**

by: PROVEN Investments Limited

DECEMBER 2017 EDITION



MANAGEMENT DISCUSSION & ANALYSIS FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

PROVEN INVESTMENTS LIMITED REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS

The Board of Directors of PROVEN Investments Limited ("PIL") is pleased to report its unaudited financial statements for the nine-month period ended December 31, 2017.

FINANCIAL HIGHLIGHTS

US\$5.23 million	—	Net Profit attributable to shareholders
US\$0.88	—	Earnings Per Share
US\$600.85 million	—	Consolidated Total Assets
8.66%	—	Annualized Return on Equity
64.41%	—	Efficiency Ratio
US\$0.0018 per share	—	Proposed Dividend

FINANCIAL PERFORMANCE

PROVEN Investments Limited experienced growth in Net Revenue for the nine-month period ended December 31, 2017, with a 28.9% increase to US\$25.64 million compared to US\$19.90 million earned during the same period last year. Net Profit attributable to shareholders for the period amounted to US\$5.23 million. This represents a 9.98% increase from the US\$4.76 million earned in the same period last year, primarily as a result of increase in gains on securities trading and net interest income offset by declines in net foreign exchange gains.

1. Tradeable Securities

Spread income was the major contributor to revenue during the period, with a 36.7% improvement compared with the same period last year. Net interest income totalled US\$14.36 million compared to \$10.51 million in the period ended December 2017, mainly as a result of the acquisition of BOSLIL Bank in the last quarter of the previous financial year. Dividend income decreased by 36.12% to US\$0.68 million from US\$1.07 million reported for the same period last year, due to the realignment of the investment portfolio during the period.

Realized gains from the trading of securities for the period amounted to US\$3.26 million, representing an increase of 44.7% from the US\$2.25 million earned for the same period last year. Net foreign exchange gains recorded a loss of US\$0.30 million compared to the gain of US\$1.85 million reported for the period ended December 2017.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

This decline occurred as a result of the revaluation of 3.00% experienced in the Jamaican dollar during the period compared to a 5.15% devaluation for the period ended December 2016.

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

2. Private Equity

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

PROVEN Wealth Limited

PROVEN Wealth Limited ("PWL") net income totalled US\$2.18 million for the period. The firm continues its strategy to offer innovative investment products to clients, and reduce the issue of repurchase agreements. The balance sheet experienced an overall 20.86% contraction compared to the same period last year. Total Assets for the company as at December 31, 2017 stood at US\$132.04 million.

PROVEN Fund Managers Limited

PROVEN Fund Management Limited continues to be a formidable player in the Asset and Pension Fund Management and administration business. During the last quarter, the company launched its flagship Unit Trust suite of products dubbed "PROVEN Select", which offers clients direct participation in a diversified professionally managed portfolio of investments. Profitability declined marginally compared to the same period last year, as Net profit for the period ended December 2017 was US\$0.37 million compared to US\$0.39 million for the period ended December 2016.

Access Financial Services Limited

Access Financial Services Limited contributed considerably to the results of the Group during the quarter, producing net profits of US\$4.48 million for the period ended December 31, 2017, representing an increase of 14.92%

“The only source
of knowledge
is experience.”

Albert Einstein

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MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

Private Equity - Continued

compared to the same period last year. Access Financials' loan portfolio was US\$23.05 million as at December 31, 2017, representing an 11.14% increase compared to the same period last year.

BOSLIL Bank Limited

PROVEN Investments Limited acquired 82.82% of the common equity of BOSLIL Bank Limited, (previously named Bank of St. Lucia International renamed) from Eastern Caribbean Financial Holding Company Limited in March 2017. We are proud to report that BOSLIL experienced a successful period, as Net Profits totalled US\$3.26 million and Total Assets for the company as at December 31, 2017 stood at US\$272.45 million.

3. Real Estate

PROVEN REIT Limited is now a wholly owned subsidiary of PROVEN Investments Limited. Having successfully completed and sold its second residential development on Sullivan Avenue, Kingston 8. The third development in the pipeline is on Millsborough Avenue in Kingston 6 and the company continues to closely monitor the local and international real estate markets for new opportunities.

4. Operating Expenses

For the period ended December 31, 2017, consolidated operating expenses increased by 40.45% to US\$16.52 million from US\$11.76 million in the same period last year. This increase was mainly due to the inclusion of the operations of BOSLIL bank in this year's results and increase in loan loss provisions over the period. As a result, the Efficiency Ratio increased to 64.41% compared to 59.10% for the same period last year (including all income and expense items). Expense management and consolidation has been a key focus of management as we seek to reduce our efficiency ratio closer to the established target of 50%.

5. Net Profit

Net Profit attributable to shareholders totalled US\$5.23 million or 88 cents per share versus US\$4.76 million or 86 cents per share in the period ended December 2016. This represents an annualized Return on Equity of 8.66% for the period ended December 31, 2017.

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

-Lorriane Hutchinson, Nurse



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MANAGEMENT DISCUSSION & ANALYSIS FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

6. Balance Sheet

Total assets amounted to US\$600.85 million as of December 31, 2017, a 67.85% increase from US\$357.97 million as at December 31, 2016. Total liabilities increased to US\$491.27 million as at December 31, 2017 from US\$277.11 million for the same period last year, primarily as a result of the acquisition of US\$250.75 million in customer bank deposits subsequent to the purchase of BOSLIL.

7. Shareholder's Equity

Shareholders' Equity attributable to the owners of the company increased by 25.22% to US\$90.07 million as of December 31, 2017 from US\$66.92 million as of December 31, 2016 in line with an increase in Retained Earnings and a positive change in the Investment Revaluation Reserve during the period, following a slight recovery in the bond market and additional capital raised in the Rights Issue in July 2017.

8. Dividend Payment

The Board of Directors has approved an interim dividend payment of US\$0.0018 per share to all ordinary shareholders on record as February 20, 2018 and be paid on March 6, 2018. This will bring the total dividend for the financial year to date to US\$0.0058 per share, representing an annualized tax-free dividend yield of 3.22% based on the average share price of US\$0.25 for the period ended December 31, 2017.

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

PROVEN

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MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

OPERATING ENVIRONMENT

Global growth is estimated at 3.6 percent in 2017/18 and is projected to strengthen further to 3.7 percent in 2018/19. A recovery in industrial activity has coincided with a pickup in global trade, after two years of marked weakness. Over the nine-month period, global stocks advanced amid accelerating economic growth in the U.S. and Europe, coupled with signs of diminishing political risk in the euro zone. Investor sentiment improved markedly as political newcomer Emmanuel Macron defeated Marine Le Pen in the French presidential election, largely erasing concerns that France may attempt to leave the European Union.

The bull market run observed post the November 2016 U.S election, fuelled by an anticipation of fiscal stimuli, continued into the second quarter of 2017 and continued its upward climb as stocks recorded solid gains in the third quarter, bringing returns for most of the major benchmarks into double digits for the year-to-date period. The advance also brought all the major indices to record highs by the end of the quarter. Also, as had been widely anticipated, the US Federal Reserve (Fed) lifted interest rates by 25 basis points (bps) in December. The Fed also raised its growth forecasts for 2018 to 2.5% from 2.1%.

The fed hike of short-term interest rates by 75 basis points over the course of the year and strong demand persisting for longer dated Treasuries partly resulted in the flattening of the Treasury curve, as shorter-term rates rose and longer-term rates fell. Both the European Central Bank and the Bank of Japan left interest rates unchanged, despite signs of improving economic growth and higher inflation and the U.S. dollar fell against the euro, the yen and most other currencies.

Political events helped to propel markets higher in the final quarter of the year as investors cheered the highly anticipated \$1.5 trillion tax cut in the U.S. and the re-election of Prime Minister Shinzo Abe in Japan. Financial markets have again proven resilient to geopolitical shocks in 2017. With growth robust, inflation moderate and liquidity ample, interest rates should slowly rise. In 2018, equities are expected to make further gains and the main risk will be upside surprises to inflation.

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MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

At the regional level, Caribbean issuers benefited as the market assessed the impact of a slow process of normalization in rates around the world, and expectations of higher inflation in the US still tamed. Investors' search for yield continues to benefit countries in the region with improving fiscal balances and/or with government policy moving towards that direction. There was further deterioration in the aggregate credit quality of the region following the downgrade of Barbados' credit rating.

Jamaica and Dominican Republic continued a positive path with both issuers tapping the international capital markets within the period. In the upcoming quarter the effects of the devastation caused by Hurricanes Harvey, Maria and Irma will begin to show up in GDP numbers; though, rebuilding activity will boost GDP in the short to medium term, the long-term impact on economic growth and development is likely to be credit negative.

Global economic growth should remain strong in 2018, as both advanced and emerging economies enjoy a synchronized upturn. Corporate capital expenditure should also become a more prominent growth driver. With inflation levels unlikely to rise significantly, central banks will reduce liquidity and raise interest rates in response to better growth. Also, Fed rate increases are expected to continue at a pace similar to that of 2017.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED DECEMBER 31, 2017					
	Quarter ended December 2017	Quarter ended December 2016	9 Months ended December 2017	9 Months ended December 2016	Audited March 2017
	US\$	US\$	US\$	US\$	US\$
INCOME					
Interest Income	7,328,566	6,128,070	21,094,053	18,725,367	24,149,636
Interest expense	(2,165,409)	(2,698,067)	(6,735,054)	(8,218,163)	(9,646,474)
Net Interest income	<u>5,163,157</u>	<u>3,430,003</u>	<u>14,358,999</u>	<u>10,507,204</u>	<u>14,503,162</u>
Other income					
Gains on securities trading	781,173	266,586	3,255,300	2,249,945	1,719,742
Dividend Income	217,772	344,047	683,425	1,069,882	1,356,988
Pension Management Income	628,449	567,863	1,715,334	1,442,284	1,966,478
Fees & Commissions	1,466,526	695,854	4,149,685	1,832,869	2,368,195
Foreign exchange translation gains/(losses)	(825,898)	(24,698)	(297,268)	1,852,590	1,901,699
Other Income/(Loss)	615,425	349,723	1,774,539	942,368	443,088
	<u>2,883,447</u>	<u>2,199,375</u>	<u>11,281,015</u>	<u>9,389,938</u>	<u>9,756,190</u>
NET REVENUE	8,046,604	5,629,378	25,640,014	19,897,142	24,259,352
OPERATING EXPENSES					
Preference dividend	205,393	87,860	962,459	1,051,711	2,184,273
Depreciation and Amortization of Intangibles	422,702	266,367	1,279,341	799,101	1,343,600
Impairment of Investment	-	-	-	-	(920,616)
Administrative and General Expenses	4,873,477	3,661,866	14,274,203	9,908,692	14,019,228
	<u>5,501,572</u>	<u>4,016,093</u>	<u>16,516,004</u>	<u>11,759,505</u>	<u>16,626,485</u>
OPERATING PROFIT	2,545,032	1,613,285	9,124,010	8,137,637	7,632,866
Extra Ordinary Activities					
Gain on purchase of subsidiary	-	-	-	-	8,030,111
Extra ordinary Share based payment	-	-	-	-	(3,243,680)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,786,431</u>
Profit before income tax	2,545,032	1,613,285	9,124,010	8,137,637	12,419,297
Income tax	(221,177)	(238,711)	(1,356,040)	(1,414,767)	(956,318)
NET PROFIT AFTER TAX	2,323,855	1,374,574	7,767,970	6,722,870	11,462,979
Less income attributable to non-controlling interest	(844,919)	(554,426)	(2,534,908)	(1,964,715)	(2,741,672)
Profit attributable to owners of the company	<u>1,478,936</u>	<u>820,148</u>	<u>5,233,062</u>	<u>4,758,155</u>	<u>8,721,307</u>
EARNINGS PER STOCK UNIT - US cents	0.25	0.15	0.88	0.86	1.58

UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2017					
	Quarter ended December 2017	Quarter ended December 2016	9 Months ended December 2017	9 Months ended December 2016	Audited March 2017
	US\$	US\$	US\$	US\$	US\$
NET PROFIT	2,323,855	1,374,574	7,767,970	6,722,870	11,462,979
OTHER COMPREHENSIVE INCOME					
Items that are or may be reclassified to profit or loss:					
Unrealised Gain/(loss) on available-for-sale investments	(969,909)	(3,167,319)	354,253	7,702,151	8,892,357
Foreign exchange translation reserve	1,467,659	(10,895)	1,191,491	(1,655,604)	(1,755,267)
Total Comprehensive income	<u>2,821,605</u>	<u>(1,803,640)</u>	<u>9,313,714</u>	<u>12,769,417</u>	<u>18,600,069</u>

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017

	December 2017 US\$	December 2016 US\$	March 2017 US\$
ASSETS			
Cash and cash equivalents	114,160,200	7,540,563	151,313,632
Available-for-sale investments	397,773,978	276,416,072	400,757,783
Loans Receivable	38,786,837	35,808,159	39,421,035
Other Receivables	10,167,611	10,904,045	10,764,181
Property Development In Progress	1,083,151	1,211,252	1,652,665
Investment Property	17,553,020	6,315,523	6,348,277
Intangible Assets	20,453,422	19,167,774	21,190,094
Property, plant and equipment	875,948	606,157	966,008
Total Assets	600,854,167	357,969,545	632,413,675
LIABILITIES			
Client liabilities	102,930,660	151,899,174	142,998,901
Related company	300,643	3,555,052	949,419
Notes Payable	105,393,391	98,879,518	94,434,537
Preference shares	16,533,468	8,383,383	15,976,954
Other liabilities	15,361,577	14,394,930	19,059,363
Due to Customers	250,747,632	-	270,054,879
Total Liabilities	491,267,371	277,112,057	543,474,053
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	69,248,762	69,248,762
Investment revaluation reserve	(3,943,147)	(5,487,606)	(4,297,400)
Foreign exchange translation	(6,372,780)	(7,464,608)	(7,564,271)
Retained earnings	13,668,916	10,625,074	13,693,002
Total Shareholder's Equity	90,069,743	66,921,622	71,080,093
Minority Interest	19,517,053	13,935,866	17,859,529
Total Shareholder's Equity and Liabilities	600,854,167	357,969,545	632,413,675

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



Director



MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31 2017			
	9 Months ended December 2017	9 Months ended December 2016	Audited March 2017
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	5,233,062	4,758,154	8,721,307
Foreign Exchange Translation	1,191,491	(1,655,604)	(1,755,267)
Depreciation and Ammortization	1,279,341	981,013	1,343,600
Income Tax Charge	<u>1,356,040</u>	<u>1,414,767</u>	<u>956,318</u>
Operating cashflow before movements in working capital	9,059,934	5,498,330	9,265,958
Changes in operating assets and liabilities			
Receivables	(437,398)	(4,176,417)	574,557
Client Liabilities	3,731,987	12,063,469	270,324,149
Payables	(44,416,146)	(17,010,549)	(16,795,350)
Related company	<u>(648,776)</u>	<u>2,634,047</u>	<u>1,287,419</u>
Net cash provided by operating activities	<u>(32,710,399)</u>	<u>(991,120)</u>	<u>264,656,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans	634,198	(12,255,806)	(14,427,682)
Investments in subsidiary	-	-	(68,006)
Purchase of property ,plant and equipment	116,904	(794,337)	(4,596,507)
Investments	<u>(30,577,872)</u>	<u>3,520,044</u>	<u>(120,218,715)</u>
Cash used in investing activities	<u>(29,826,770)</u>	<u>(9,530,099)</u>	<u>(139,310,910)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	10,958,854	7,088,935	3,409,952
Issue of Preference Shares	556,514	405,700	7,999,271
Minority Interest	1,657,524	1,273,866	5,197,529
Dividend Paid	(5,257,149)	(3,532,427)	(4,359,651)
Issue of Ordinary Shares	<u>17,467,992</u>	<u>-</u>	<u>-</u>
Net cash provided by/ (used in) financing activities	<u>25,383,735</u>	<u>5,236,074</u>	<u>12,247,101</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,153,433)	(5,285,145)	137,592,924
Cash and cash equivalents at beginning of period	<u>151,313,632</u>	<u>12,825,709</u>	<u>13,720,709</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>114,160,199</u>	<u>7,540,563</u>	<u>151,313,632</u>

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL EQUITY DECEMBER 31, 2017						
	Share capital	Minority Interest	Fair value reserves	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2017	69,248,762	17,859,529	(4,297,400)	(7,564,271)	13,693,002	88,939,623
Total Comprehensive Income for the period		2,534,909	354,253	1,191,491	5,233,062	9,313,715
Issue of Shares	17,467,992					17,467,992
Dividends to equity holders		(877,385)			(5,257,149)	(6,134,533)
Balance at December 31, 2017	<u>86,716,754</u>	<u>19,517,053</u>	<u>(3,943,147)</u>	<u>(6,372,780)</u>	<u>13,668,916</u>	<u>109,586,797</u>

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL EQUITY DECEMBER 31, 2016						
	Share capital	Minority Interest	Fair value reserves	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2016	69,248,761	12,661,999	(13,189,757)	(5,809,004)	9,399,347	72,311,346
Total Comprehensive Income for the period		1,964,716	7,702,151	(1,655,604)	4,758,154	12,769,417
Adjustment to NCI without a change in control		(150,000)				(150,000)
Dividends to equity holders		(540,849)			(3,532,426)	(4,073,275)
Balance at December 31, 2016	<u>69,248,761</u>	<u>13,935,866</u>	<u>(5,487,606)</u>	<u>(7,464,608)</u>	<u>10,625,075</u>	<u>80,857,489</u>

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

NOTES TO FINANCIAL STATEMENTS

December 2017

1. Identification

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

2. Statement of compliance and basis of preparation

Interim financial reporting

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

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

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

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

Basis of measurement:

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

Functional and presentation currency:

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

Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

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

Significant accounting policies

3. Basis of consolidation:

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

3(a). Subsidiaries:

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

3(b). Transactions eliminated on consolidation:

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

4. Investments:

Available-for-sale financial assets:

The Group's investments in equity securities and certain debt securities are classified as available-for-sale and are carried at fair value except for unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Changes therein, other than impairment losses, and foreign exchange gains and losses on

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FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

available-for-sale monetary items, are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss:

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

Loans and receivables:

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

5. Resale agreements

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

6. Interest income:

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



7. Interest expense:

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

8. Share capital:

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

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

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

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

9. Earnings per Stock Unit

PROVEN Investments Limited's Earning per Stock Unit "EPS" is computed by dividing the profit attributable to stockholders of the parent of US\$5,233,062 by the weighted average number of ordinary stock units in issue during the reporting period numbering 592,546,991 shares.

PROVEN

Investments Limited

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

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



Director



Director

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dividend
returns
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