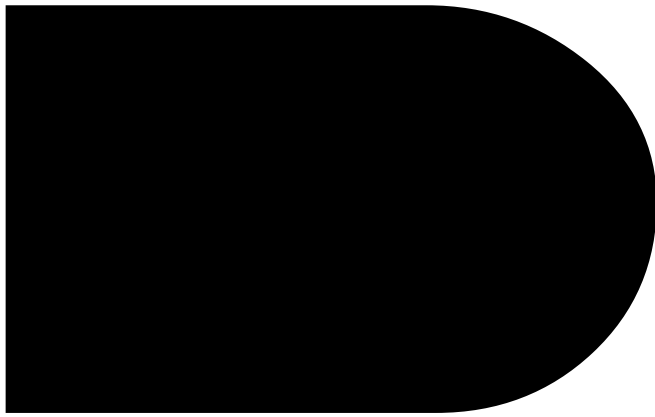


**THE INVESTMENT
MAGAZINE**

by: PROVEN Investments Limited

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JUNE 2020 EDITION



UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

The Board of Directors of **PROVEN Investments Limited (“PIL”)** is pleased to report its **Unaudited Financial Statements for the quarter ended June 30, 2020.**

FINANCIAL HIGHLIGHTS

US\$1.41 million	—	Net Profit Attributable to Shareholders
US\$0.0023	—	Earnings Per Share
US\$603.42 million	—	Consolidated Total Assets
27.63%	—	Trailing 12 Months Return on Average Equity
70.85%	—	Efficiency Ratio
US\$0.0013 per share	—	Quarterly Approved Dividend

Financial Performance

PIL registered a creditable performance for the quarter ended June 30, 2020 despite ongoing volatility and considerable economic uncertainty surrounding the COVID-19 pandemic. Net Profit attributable to Owners of the Company (NPAO) for the quarter amounted to US\$1.41 million, down 42.13% from the US\$2.44 million recorded for the quarter ended June 30, 2019. The year over year decline in NPAO emanated primarily from a decrease in Net interest Income and the Fees and Commission Income line items; which are directly associated with the fall in Asset Under Management valuations due to the downward pressure on asset prices, as well as a loss of income from the reduced holding in Access Financial Services. Additionally, a shift in focus aimed at mitigating the impact of the pandemic and managing risks during a challenging operating environment was deemed prudent over the period thus impacting overall performance. PIL also successfully executed on its Business Continuity Planning strategy during the quarter which was concentrated on enhanced monitoring and reporting, liquidity, and capital preservation along with other prudent strategic initiatives targeting continued growth of the business and the protection of our stakeholders.

Performance Drivers

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

1. Private Equity

PROVEN Wealth Limited (PWL)

PWL reported Profit Attributable to Equity Holders of US\$0.55 million for the quarter ended June 30, 2020, which represented 39.0% of the PIL's NPAO. Revenue generated by PWL totalled US\$2.38

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UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

million with Non -Net Interest Income accounting for 68.8% of Total Income. Pension Management Income, Fees and Commission and Interest Income were the top performing line items during the quarter. Total Administrative and General Expenses amounted to US\$1.69 million, accounting for 43.2% of total Group Operating Expenses. Total Assets experienced a decline of 5.4% year over year to US\$110.28 million as at June 30, 2020. The asset decline was primarily attributed to a 15.5% decline in Investments steered by efforts to boost liquidity.

PWL continues to focus on its strategy to grow its off-balance sheet wealth and advisory management business by offering innovative investment solutions to clients. The company's diversification of its revenue streams and reduced reliance on the repo business resulted in non-interest income accounting for over two thirds of its revenue. PWL is also focused on improving its operating efficiency aided by leveraging technology and FinTech such as its Proven Wealth App, IPO Pro and Global Trading Platform.

BOSLIL Bank Limited (BOSLIL)

PIL currently owns 75% of the equity of BOSLIL. BOSLIL experienced another successful quarter, as Net Profit totalled US\$1.58 million, resulting in US\$1.17 million in Profit Attributable to Equity Holders being realized. Revenue generated by BOSLIL totalled US\$2.26 million with Net Interest Income and Other Income accounting for 54.4% and 45.6% respectively. BOSLIL's Efficiency Ratio improved from 44.1% as June 2019 to 29.9% as at June 2020 due mainly to a decline in non-recurrent expenses associated with business process improvements and IFRS9 related charges. Total Administrative and General Expenses amounted to US\$0.67 million, accounting for 17.2% of total Group Operating Expenses. Total Assets of the Bank marginally declined by 1.0% year over year to US\$273.0 million as at June 2020. BOSLIL's performance was mainly driven by growth in its core business, reflecting optimal asset-liability management and cost synergies which resulted in the Bank posting an increase of 13.7% in Net Profit compared with the quarter ended June 30, 2019.

International Financial Planning Limited (IFP)

IFP is a licensed independent investment advisor with offices in Cayman, Bermuda and the British Virgin Islands that caters to a variety of investors ranging from medium to high net worth individuals. The company reported Revenue of US\$0.78 million and a Net Loss of US\$0.07 million. This Net Loss represents more than a one-fold decline year over year and is mainly due to 52.9% decline in the company's primary revenue line item Fees and Commissions. Given that the quarter remained full of uncertainties surrounding the pandemic, clients prioritized liquidity and as such the steep decline in activity was anticipated. PIL is currently in the process of re-engineering this business and anticipates revenue enhancement and cost synergy measures to bear fruit in the medium to long term. IFP operations are entirely focused on fee based off balance sheet activities, and as a result 90% of its revenue is derived from fees and commission which contributed 47.6% to the overall Fees and Commission reported by the Group for the quarter ended June 30, 2020.

Access Financial Services Limited (AFSL)

As a result of reduced holdings from 49.72% to 24.72% in September 2019, AFSL is recognized as an associate company resulting in the recognition of a share of its profit, instead of a consolidation of its results into PIL's Consolidated performance. AFSL's contribution for the financial quarter ended June 2020 amounted to US\$0.06 million.

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FOR THE QUARTER ENDED JUNE 30, 2020

JMMB Group Limited (JMMB)

PIL acquired 20.01% of the participating voting shares in JMMB in December 2018 and thereafter opted to maintain its 20.01% equity stake through its participation in the additional public offering (APO) which closed in November 2019. JMMB is an associate company and contributed US\$1.48 million in the form of Share of Profit for the quarter ended June 30, 2020. Note that this is gross of the expenses associated with debt servicing. JMMB's expanding presence in the onshore banking and insurance sub-industry within the region is consistent with PIL's ongoing strategy to diversify the portfolio of investments across the twenty-four (24) countries of the Caribbean and Latin America.

Dream Entertainment Limited (DREAM)

In February 2019, PIL acquired a 20% equity stake in DREAM. The greater part of 2019 was spent on restructuring the Dream organisational structure to improve operating efficiency while realising some level of integration into the PIL structure. During the quarter ended June 30, 2020 the focus shifted to managing cashflow as it navigates the COVID-19 Pandemic while realising the benefits of the restructuring initiatives undertaken in the prior year. The Management of Dream remains confident and looks forward to the reopening of the Entertainment Sector.

2. Real Estate

Real Properties Limited (RPL)

RPL reported Profit Attributable to Equity Holders of US\$0.18 million. This performance contributed 12.7% to Group NPAO and represents a year over year increase of 73.6%. The increase was mainly driven by a significant reduction in its operating expenses, emanating from an over provision in a prior period. Total assets stood at US\$34.79 million as at June 30, 2020, which represents a 3.9% increase compared to US\$33.49 million reported as at June 30, 2019. This Company continues to diversify its portfolio of real estate holdings which as at June 30, 2020, included five (5) rental income properties and six (6) development sales projects, all at various stages of the development cycle. RPL continues to closely monitor the local and international real estate markets for new opportunities while making the requisite adjustment to successfully navigate the uncertainties associated with recent developments around COVID 19.

UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

Residential Development	Location	Description	Status/Projected Completion Date
The César	21 Millsborough Avenue, Kingston 6	6 Villas & 9 Apartments	August 2021
VIA at Braemar	19-21 Braemar Avenue, Kingston 5	99 Apartments (51 Studios, 30 One Bedrooms, 18 Two Bedrooms)	September 2021
Mystic Ridge	Milford Road, St. Ann	156 Apartments (144 Studios, 12 Two Bedrooms)	September 2022
AVISTA at Bloomfield	Bloomfield, Mandeville	78 Apartments (40 Studios, 20 One Bedroom, 18 Two Bedrooms)	March 2022
Grove Park (52% stake)	Grove Park Avenue, Kingston 8	76 Apartment (48 One Bedroom, 28 Two Bedrooms)	May 2022
Omega Drive (40% stake)	Omega Drive-Grand Cayman	13 Townhouses (9 Two Bedroom, 4 Three Bedroom)	December 2021
RENT/LEASE	Location	Description	Status/Projected Completion Date
Real NPW	Newport West, Kingston 13	29,680 SF of commercial space	100% Occupancy
Real Portmore Pine 1	Portmore Pines Plaza, Greater Portmore	26,908 SF of commercial space	100% Occupancy
Real Portmore Pines 2 (51% stake)	Portmore Pines Plaza, Greater Portmore	51,689 SF of commercial space	100% Occupancy
Gladstone Commercial (60% stake)	Gladstone Drive, Kingston 5	41,872 SF of commercial space	Projected completion December 2021
Bloomfield Commercial	Bloomfield, Mandeville	~100,000 SF of commercial space	Projected Completion 2023

3. Treasury / PIL Proprietary

The Treasury segment of the PIL's operations generated a loss of US\$0.49 million (net of all intercompany income and charges) for the quarter ended June 30, 2020. This was due to the deliberate shift in strategy to bolster liquidity via sale of investment securities, which resulted in a decline in Net Interest Income.

Also reflected in this segment is the Investment in JMMB which includes the share of profit net of interest charges. Net Interest income (NII) registered a loss of US\$1.01 million largely reflecting debt servicing obligations associated with wholesale funding of the JMMB share acquisition. Total Administrative and General Expenses amounted to US\$0.74 million, accounting for 18.9% of total Group Operating Expenses while Preference Dividend charges totalled US\$0.21 million.



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UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

STATEMENT OF FINANCIAL POSITION

Total assets amounted to US\$603.4 million as at June 30, 2020, which decreased by 5.8% from the US\$640.2 million reported as at June 30, 2019. The year over year shift in the composition of Total Assets mainly emanated from a reduction in Investment Securities, Loan receivables and Intangible Assets. The reduction in Investment Securities holdings was deliberate to optimize the risk return dynamics taking into consideration the flat yield curve and credit spread risk. These portfolio rebalancing initiatives also enabled an improvement in the overall liquidity positioning which was aimed at bolstering PIL's ability to successfully navigate the uncertainties associated with the COVID-19 pandemic. This also provided sufficient cash resources to take advantage of opportunities that may arise due to depressed asset prices. Liabilities also decreased to US\$488.03 million as at June 30, 2020 from US\$524.4 million as at June 30, 2019, mainly as a result of a reduction in Client liabilities and Notes Payables.

SHAREHOLDERS' EQUITY

Shareholders' Equity Attributable to Owners of the Company increased by 17.1% to US\$108.58 million as at June 2020 from US\$92.71 million as at June 2019. The change is attributed to more than a two-fold increase in retained earnings arising from core growth and net impact of activities associated with selected Portfolio Assets. The dislocation of asset prices due to COVID-19, negatively impacted the Investment revaluation reserve resulting in a loss of US\$5.25 million compared to a gain of US\$5.24 million during the same period last year. However, this represents an improvement from the \$14.86 million loss recorded as at March 31, 2020.

DIVIDEND PAYMENT

The Board of Directors approved a quarterly dividend of US\$0.0013 per share to all Ordinary Shareholders on record as of August 19, 2020 to be paid on August 26, 2020. This represents a trailing twelve months tax-free dividend yield of 5.38% based on the average share price of US\$0.24 for the quarter ended June 30, 2020.

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UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

Un-Audited Consolidated Statement of Financial Position June 30, 2020

	June 2020 US\$	June 2019 US\$	MARCH 2020 US\$
ASSETS			
Cash and cash equivalents	91,155,986	98,628,390	94,628,891
Resale agreements	5,039,224	13,685,776	5,742,153
Investment securities	285,939,259	311,808,452	291,396,093
Investment in Associates	120,528,955	79,829,382	118,987,158
Loans Receivable	27,324,241	57,814,391	28,855,004
Other Receivables	31,731,418	14,596,457	35,098,282
Property Development In Progress	5,992,003	1,483,936	3,752,631
Investment Property	12,292,551	24,881,224	12,270,426
Intangible Assets	19,402,516	35,158,251	19,194,111
Property, plant and equipment	4,018,224	2,355,169	3,057,071
Total Assets	603,424,377	640,241,429	612,981,820
LIABILITIES			
Client liabilities	71,802,445	81,871,562	78,024,460
Related company	1,235,983	615,536	931,929
Notes Payable	148,987,001	168,062,523	154,502,508
Preference shares	1,000	1,000	1,000
Other liabilities	26,297,774	24,070,331	23,665,653
Due to Customers	239,701,296	249,732,269	250,436,099
Total Liabilities	488,025,499	524,353,220	507,561,649
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	86,716,754	86,716,754
Investment revaluation reserve	(5,250,474)	5,241,843	(14,864,613)
Foreign exchange translation	(4,074,427)	(8,747,457)	(2,622,262)
Retained earnings	31,189,827	9,503,138	29,780,573
Total Shareholders' Equity	108,581,680	92,714,278	99,010,452
Minority Interest	6,817,198	23,173,931	6,409,719
Total Shareholders' Equity and Liabilities	603,424,377	640,241,429	612,981,820

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



Director



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UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

Un-Audited Consolidated Statement of Income for the period ended June 30, 2020

	Quarter ended June 2020	Quarter ended June 2019	Audited March 2020
			<u>US\$</u>
INCOME			
Interest Income	3,090,495	6,881,020	20,284,963
Interest expense	<u>(2,210,253)</u>	<u>(2,626,644)</u>	<u>(9,107,249)</u>
Net Interest income	<u>880,242</u>	<u>4,254,376</u>	<u>11,177,714</u>
Other income			
Gains on securities trading	372,683	642,055	3,782,565
Dividend Income	3,769	32,513	32,950
Pension Management Income	782,625	804,516	3,432,337
Fees & Commissions	1,481,265	3,371,908	11,584,739
Foreign exchange translation gains/(losses)	381,191	667,752	1,908,083
Other Income	<u>1,340,319</u>	<u>998,477</u>	<u>4,031,166</u>
	<u>4,361,852</u>	<u>6,517,221</u>	<u>24,771,840</u>
NET REVENUE	5,242,094	10,771,597	35,949,554
OPERATING EXPENSES			
Depreciation and Ammortization of Intangibles	440,260	437,422	1,976,910
IFRS 9 Provisioning	(11,672)	(6,597)	361,576
Administrative and General Expenses	<u>4,165,902</u>	<u>7,560,680</u>	<u>26,231,841</u>
	<u>4,594,489</u>	<u>7,991,505</u>	<u>28,570,327</u>
OPERATING PROFIT	647,605	2,780,092	7,379,227
Preference dividend	(211,974)	(450,490)	(8,605,461)
Share of Results of Associates	1,541,947	1,459,878	10,437,606
Gain on Partial Disposal of subsidiary	-	-	24,930,378
	<u>1,329,973</u>	<u>1,009,388</u>	<u>26,762,523</u>
Profit before income tax	1,977,579	3,789,480	34,141,751
Income tax	(160,845)	(348,209)	(1,899,983)
NET PROFIT	<u>1,816,733</u>	<u>3,441,271</u>	<u>32,241,767</u>
Less income attributable to non-controlling interest	(407,479)	(1,005,935)	(2,263,193)
Profit attributable to owners of the company	<u>1,409,254</u>	<u>2,435,336</u>	<u>29,978,574</u>
EARNINGS PER STOCK UNIT - US cents	0.23	0.39	4.79

UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

Un-Audited Consolidated Statement of Comprehensive Income for the period ended June 30, 2020

	Quarter ended June 2020	Quarter ended June 2019	Audited March 2020
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
NET PROFIT	1,816,733	3,441,271	32,241,767
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified to profit or loss:			
Unrealised (loss)/Gain on investments securities	9,614,139	2,552,843	(18,363,927)
Foreign exchange translation reserve	(1,452,165)	(1,684,457)	4,440,738
Total Comprehensive income	<u><u>9,978,707</u></u>	<u><u>4,309,657</u></u>	<u><u>18,318,578</u></u>

UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

Un-Audited Consolidated Statement of Changes in Equity for the period ended June 30, 2020

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2020	86,716,754	6,409,719	(14,864,613)	(2,622,262)	29,780,573	105,420,171
Balance at April 1, 2020	<u>86,716,754</u>	<u>6,409,719</u>	<u>(14,864,613)</u>	<u>(2,622,262)</u>	<u>29,780,573</u>	<u>105,420,171</u>
Total Comprehensive (Loss)/Income for the period		407,479	9,614,139	(1,452,165)	1,409,254	9,978,707
Dividends to equity holders		-			-	-
Balance at June 30, 2020	<u>86,716,754</u>	<u>6,817,198</u>	<u>(5,250,474)</u>	<u>(4,074,427)</u>	<u>31,189,827</u>	<u>115,398,878</u>

Un-Audited Consolidated Statement of Changes in Equity for the period ended June 30, 2019

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2019	86,716,754	22,417,996	2,689,000	(7,063,000)	8,382,250	113,143,000
Balance at April 1, 2019 as restated	<u>86,716,754</u>	<u>22,417,996</u>	<u>2,689,001</u>	<u>(7,063,000)</u>	<u>8,382,250</u>	<u>113,143,000</u>
Total Comprehensive (Loss)/Income for the period	-	1,005,935	2,552,843	(1,684,457)	2,435,336	4,309,657
Dividends to equity holders	-	(250,000)	-	-	(1,314,448)	(1,564,448)
Balance at June 30, 2019	<u>86,716,754</u>	<u>23,173,931</u>	<u>5,241,843</u>	<u>(8,747,457)</u>	<u>9,503,138</u>	<u>115,888,209</u>

UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

Un-Audited Consolidated Statement of Cash Flows for the period ended June 30, 2020

	Period ended June 2020	Period ended June 2019	Audited March 2020
	US\$	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	1,409,254	2,435,336	29,979,574
Cumulative transition effect of IFRS 9 Adoption	-	-	(17,240,866)
Foreign Exchange Translation			
Depreciation and Amortization	440,260	437,422	1,976,910
Income Tax Charge	160,844	348,208	1,899,982
Operating cashflow before movements in working capital	<u>2,010,359</u>	<u>3,220,967</u>	<u>16,615,601</u>
Changes in operating assets and liabilities			
Receivables	(5,059,151)	(7,473,446)	(11,457,353)
Loans	1,530,763	(3,890,391)	22,478,246
Client Liabilities	(10,031,984)	25,049,928	33,594,769
Payables	2,436,016	8,847,856	(2,311,605)
Investments	15,070,973	27,484,811	27,789,714
Related company	304,053	193,013	485,286
Net cash provided by operating activities	<u>6,261,029</u>	<u>53,432,738</u>	<u>87,194,658</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans			
Investments in subsidiary	-	-	-
Investments in associates	(1,541,797)	(1,448,133)	(20,774,292)
Purchase of property ,plant and equipment	(1,127,586)	(1,089,840)	(2,221,102)
Purchase/Disposal of intangible asset	(482,232)	(80,694)	14,773,318
Purchase of Investment Properties	(22,125)	(1,562,686)	(2,255,864)
Net cash used in investing activities	<u>(3,173,740)</u>	<u>(4,181,353)</u>	<u>(10,477,940)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	(5,515,507)	(17,487,965)	(31,047,979)
Redemption of Preference Shares			
Minority Interest	407,479	755,935	(16,008,277)
Dividend Paid	-	(1,314,448)	(8,580,249)
Foreign Exchange Translation	(1,452,165)	(1,684,457)	4,440,738
Net cash used in by financing activities	<u>(6,560,193)</u>	<u>(19,730,935)</u>	<u>(51,195,767)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(3,472,904)</u>	<u>29,520,450</u>	<u>25,520,951</u>
Cash and cash equivalents at beginning of period	94,628,891	69,107,940	69,107,940
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>91,155,987</u></u>	<u><u>98,628,390</u></u>	<u><u>94,628,891</u></u>

UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

NOTES TO FINANCIAL STATEMENTS: JUNE 2020

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	
			2020	2019
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
Proven REIT Limited and its wholly owned subsidiary:	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Proven Fund Managers Limited	Jamaica	Pension funds management	100	100
BOSLIL Bank Limited	Saint Lucia	Banking	75	75
International Financial Planning (Cayman Limited)	Cayman Islands	Fund management	100	100
Proven Holdings Limited	Jamaica	Investment advisory services	100	100
ASSOCIATE COMPANIES				
JMMB Group Limited	Jamaica	Investment advisory, Banking, Market and equity	20.01	20.01
Dream Entertainment Limited	Jamaica	Entertainment	20	20
Access Financial Services Limited	Jamaica	Retail lending	24.72	49.72

2. Statement of compliance and basis of preparation

Interim Financial Reporting

The condensed consolidated interim financial statements for the three months ended June 30, 2020 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, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

UN-AUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2020

SIGNIFICANT ACCOUNTING POLICIES

3. Basis of Consolidation:

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

3(a). Subsidiaries:

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

3(b). Transactions Eliminated on Consolidation:

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

4. Classification of Financial Assets:

Fair value through other comprehensive income

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

Investments at Fair Value Through Profit or Loss:

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

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.

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5. Resale Agreements:

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

6. Interest income:

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

7. Interest expense:

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

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\$1,409,254 by the weighted average number of ordinary stock units in issue during the reporting period numbering 625,307,963 shares.

PROVEN

Investments Limited

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

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



Director



Director

