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13 September 2016

Our ref: ACA/PSB/API

Dear Investor

PROVIDENCE INVESTMENT FUNDS PCC LIMITED ("PIF") (managed by Administration Managers)

Following our appointment as administration manager on 9 August 2016, we are now in a position to call a meeting of the creditors and shareholders of PIF to set out our initial findings and to answer questions.

Those meetings will be held on 5 October 2016 at Beau Séjour in Guernsey at 10am.

On 9 September 2016, we reported to the Royal Court of Guernsey initial findings in relation to PIF. That report to court with minor amendments is enclosed with this letter.

At the back of the enclosed report you will find formal notice of the meeting along with a proxy form for you to complete should you wish someone else to attend on your behalf. Please note that you should only complete a proxy form in respect of PIF, please do not complete the PIP proxy. The names are very similar so please do double check this before returning your proxy.

In order to manage numbers and ensure the facilities are large enough, if you intend to attend the meeting, please confirm to us no later than 5pm on 28 September in writing to Richard McKeary or by email to PIFenquiries@deloitte.co.uk; this applies whether you will attend yourself or send someone as a proxy to attend on your behalf.

You will be required to show identification to gain admittance to the meetings so you should allow time to register. Registration will commence at 9am and the meetings will start at 10am.

Yours sincerely

Alex Adam, Phil Bowers and Andrew Isham

Alex Adam, Andrew Isham and Phil Bowers were appointed Joint Administration Managers of Providence Investment Management International Limited (the "Manager") and Providence Investment Funds PCC Limited (the "Fund") (both Managed by Administration Managers) by order of the Royal Court of Guernsey dated 9 August 2016. Each Joint Administration Manager has the power to act jointly and/or severally. The Joint Administration Managers act as agent for the Fund and Manager and contract without personal liability.

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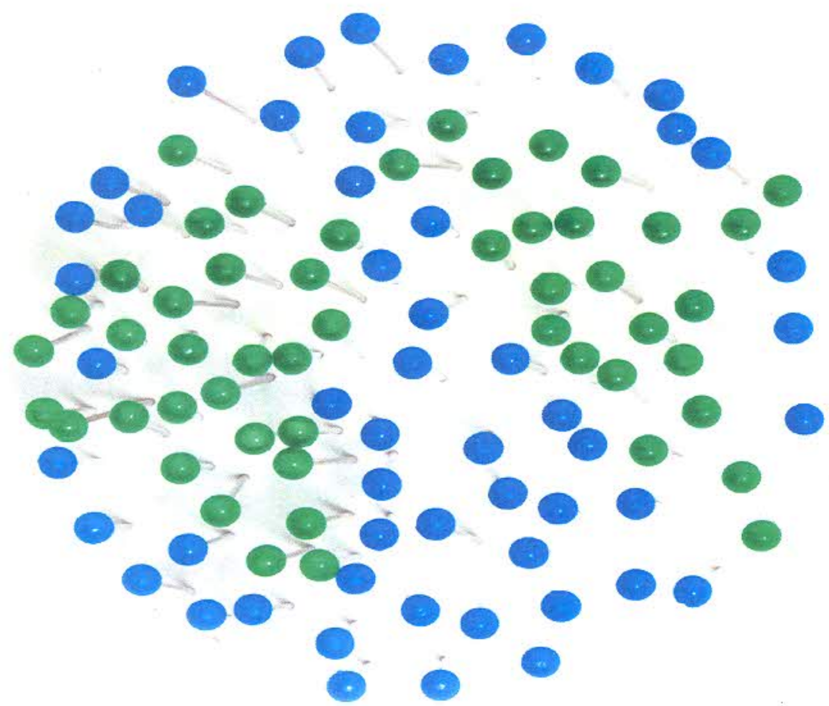

Providence Investment Funds PCC Limited & Providence Investment Management International Limited – in Administration Management

Report to Investors

13 September 2016

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This document has been prepared by the Administration Managers of Providence Investment Funds PCC Limited ("PIF") and Providence Investment Management International Limited ("PIMIL") to update investors following our update to the Court on 9 September 2016.

Please refer to the glossary at the back of this document for a summary of all abbreviations.

Andrew Isham, Phil Bowers and Alex Adam were appointed Administration Managers of PIF and PIMIL on 9 August 2016. The affairs, business and property of PIF and PIMIL are currently managed by the Administration Managers. The Administration Managers act as agents of PIF and PIMIL and contract without personal liability.

The Administration Managers do not make any representation or warranty of any sort as to the accuracy or completeness of the information contained in this document or in any other document or information made available in connection with this document and no person shall have any right of action against the Administration Managers, PIF or PIMIL, its advisers or any other person in relation to the accuracy or completeness of any such information. This document is confidential and prepared solely for investors and creditors. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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Contents

Executive summary and next steps

Summary update to investors

It appears only limited investor funds were used for Brazilian factoring activities

The investor meetings will be held at 10.00am on 5 October 2016 in Guernsey. Notice and forms are attached at Appendix 1 & 2

Summary

- On appointment to PIF and PIMIL it became clear there were no material assets across the Guernsey/UK group and therefore various other entities in Guernsey and the UK have subsequently gone into either liquidation or administration.
- Our work has focussed on understanding the background and financial position of PIF, PIMIL and associated entities and determining whether there is any value for investors.
- Outstanding investor monies amounted to £37.2m, with the majority of subscriptions having built up from June 2013. These monies were supposed to be loaned to PFM, a Brazilian entity, to purchase receivables under a series of debt factoring arrangements.
- However, it appears that the majority of investor cash was either (1) diverted to PGL or PGF direct (pre November 2015) or (2) passed to a PFM bank account in Guernsey where proceeds were largely on lent to either PGL or PGF.
- As a result it initially appears that only a small percentage of investor monies were actually invested in PFM factoring activities and recovery of any value for PIF investors appears to be solely dependent upon there being some value in the assets of PFM.
- Since our appointment AB has frustrated our efforts to determine the financial position of PFM and understand the operations in Brazil. Although there are potential legal remedies to remove AB as legal controller of PFM and BPA this will be time consuming and potentially expensive.
- In addition we are aware that the SEC is investigating AB and has filed various orders against him in their attempts to understand the position for US investors - who we understand invested a further $70m (approx.) in to a US Providence structure, also ostensibly for investment into Brazilian factoring.
- Our review of third party and internal documents/information indicate that from at least March 2015 it was highlighted that there appeared to be limited cash controls or corporate governance in relation to PIF and PIMIL. This, for example, allowed AB to direct cash flows without any additional checks in place and there is evidence that investor funds were not appropriately deployed.
- An initial review of the chronology of events and investment ramp up suggests that these issues were known prior to significant investment inflows and that the recoverability of the investments from their intended source was never effectively tested.
- At this stage, we have not had an opportunity to finalise a detailed investigation of where funds were actually deployed. However, it is clear that large parts of investor monies were used to fund wider group expenses and transfers out to other Providence group structures in the US and Asia.

Next steps

- Given the issues in respect of the Brazil operations and the detailed work that would be involved to fully investigate matters, we intend to reassess our strategy and funding with the relevant agencies in Guernsey.
- Since our appointment we have had many calls from investors and as a result we are convening a meeting in Guernsey at 10.00am on 5 October 2016. Notice and forms are attached at Appendices 1 & 2.

Introduction

Appointment information

Following the initial Administration Manager appointments to PIF and PIMIL various other appointments have taken place across the group in view of solvency issues at all key operating entities

Background appointment information

Alex Adam, Andrew Isham and Phil Bowers were appointed Administration Managers of PIF and PIMIL on 9 August 2016 by order of the Royal Court following an application by the Commission and pursuant to The Protection of Investors (Administration and Intervention) (Bailiwick of Guernsey) Ordinance 2008.

On 22 August 2016 a further order was made by the Royal Court to appoint Alex Adam, Andrew Isham and Phil Bowers as Joint Liquidators of PGL following an application by the Commission under the Companies Law.

Also on 22 August 2016 certain other group companies were placed in to liquidation following discussions between the respective directors and a request for the shareholder to place the companies in to liquidation. These entities included PGF, PIP, LFS and PG Factoring. Andrew Isham and Alex Adam were appointed Joint Liquidators to these entities.

In addition the directors of PB and PB2 filed notices of intention to appoint administrators in the High Court in London to these England and Wales entities and Phil Bowers and Nick Edwards were appointed Joint Administrators to these companies on 2 September 2016.

A summary group structure is set out on page 9.

PIF

PIF was incorporated in Guernsey as a protected cell company on 1 March 2012. It acted as a closed-ended investment scheme registered by the Commission. Investors purchased preference shares and at the date of our appointment investor monies amounted to £37.2m.

The investment strategy was to *"generate attractive uncorrelated, fixed coupon absolute returns from investing in the factoring of receivables of small and medium sized businesses in Brazil"* (Providence Group / Cornhill, special offer document March 2015).

PIMIL

PIMIL was incorporated in Guernsey on 24 February 2012 as a company. PIMIL was licensed by the Commission to undertake the restricted activities of promotion, management, administration and advising in respect of category 1 (collective investment schemes) and category 2 (general securities and derivatives) controlled investments.

Aim of report

Following the initial hearing at the Court on 9 August 2016 the Administration Managers reported back to the Court on 9 September 2016. This report to investors provides that same information and hence the report aims to:

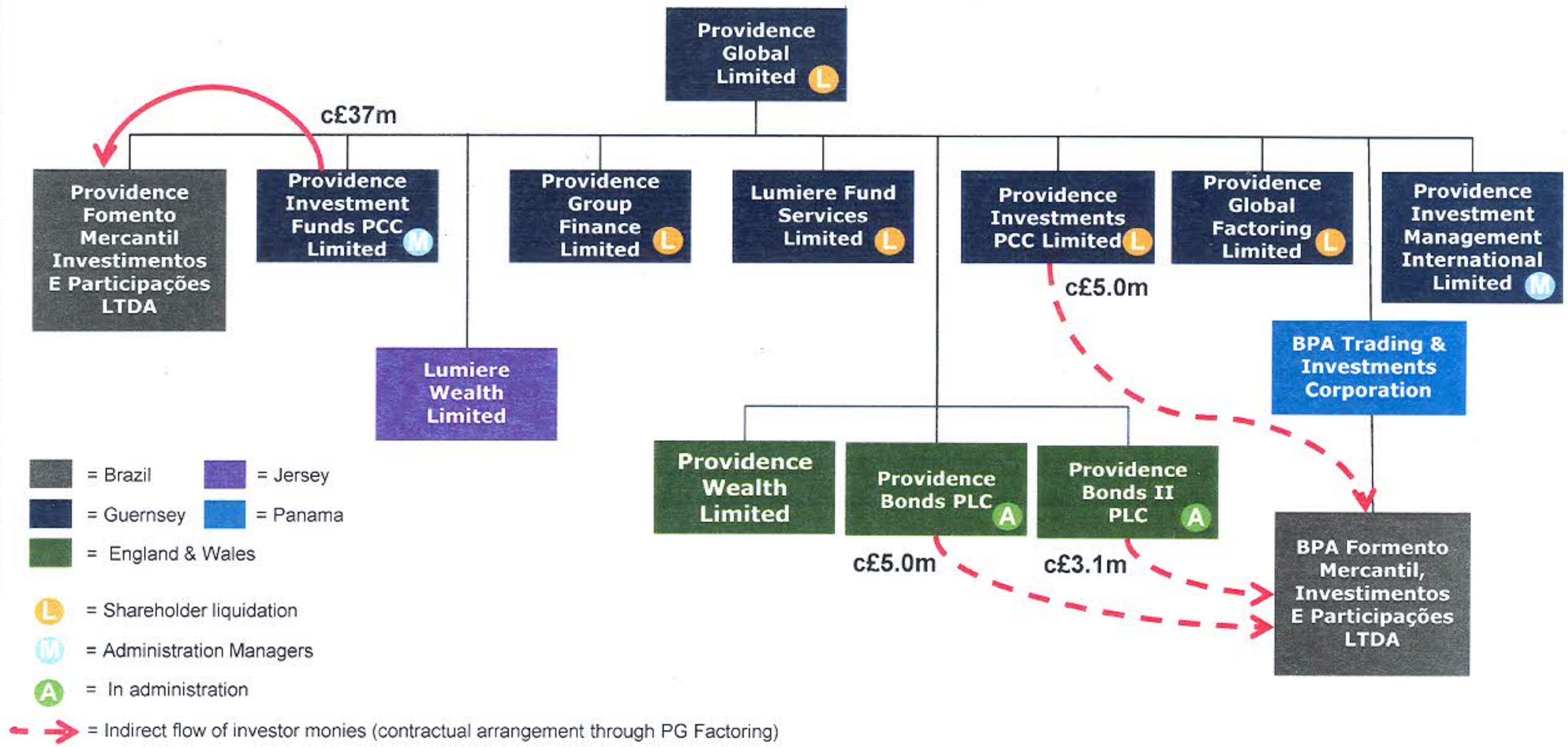
- Comment on progress made in respect of PIF and PIMIL.
- To highlight key issues that have been encountered.
- Set out the actions and likely next steps to be taken by the Administration Managers.

In view of the inter-related nature of the Group the report also comments on other entities in the group, in particular where they have a significant bearing on recoveries for investors.

Background information

PGL group structure

Other key offshore / England and Wales entities provided cash, factoring or fund management services to PIF or the other unregulated investor vehicles. The two Brazilian entities act as factoring companies in Brazil



Source: Management information

The above is a summary group structure. All other entities are either dormant/non trading or not material for the purpose of this report. In addition to PIF and PIMIL the entities can be summarised as follows:

- PGL is the holding company of the Guernsey/UK structure.
- PGF acted as a treasury company and the majority of funds flowed through it
- PIP acted as an investor vehicle for "friends and family" and was unregulated. Amounts due to these investors is c£5m and monies were purported to be invested in BPA.
- PB and PB2 issued bonds of £8.1m and these funds were intended to be invested in BPA, using PG Factoring as a conduit for the investment.
- From our initial work it is clear that there are no material assets in any of the Guernsey and England and Wales entities except for inter company claims against PFM and BPA.
- PFM and BPA are designated as receivables financing/factoring companies in Brazil.

We understand that there are separate US and Asian Providence groups and it is unclear at this time whether they also have recourse to PFM or BPA.

Initial actions

Immediate workstreams

Initial actions focussed on trying to understand where investor monies had gone and seeking to review the Brazil operations

Initial actions

Immediately on our appointment we took the following key actions:

Meetings/calls with the directors

We met with Paul Everitt, Adam Tattersall, Robin Fuller and Steve Dewsnip to seek to obtain up to date information relating to PIF and PIMIL. In addition we convened a further call to include AB in which we sought to obtain further detail and information, in particular on Brazil.

Review and recovery of all key financial and other information and records

We requested and were provided with various information primarily relating to PIF and PIMIL. This included financial records (ledgers, balance sheets, trial balances etc), legal agreements, prospectuses/marketing material and insurance policies. Conclusions drawn or observations made in respect of the information and records is set out within this report.

Communications

We sent out a notification and letter to investors on day one. This has resulted in many calls and queries and this report and the meeting being convened for 5 October 2016 is intended to provide further detail to investors. **Appendix A includes the notice for the meeting on 5th October and the relevant forms for investors to complete.**

Brazil

Our Deloitte Brazil team attended the Brazil operations within 48 hours of our appointment – further comment on this and the financial position of Brazil is set out later in the report.

Legal agreements/factors

The key legal documents have been reviewed including the Loan Framework Agreement, Powers of Attorney provided by the Brazil entities to PGL and various other documents. Although a number were deemed important it is clear that the key issue facing the Administration Managers is to determine where funds have been deployed and whether there are likely to be recoveries for investors.

Cash flow and wider Providence Group issues

Following our initial meetings with the directors it became clear that (1) the wider group companies had no assets or any real substance and (2) absent any funds from Brazil the group was insolvent in all entities that had liabilities. Cash balances across the group amount to c£95,000 with a large proportion of these funds being frozen by Investec, the group's banker. Following these meetings a number of other group companies were placed in to insolvency procedures across both Guernsey and England & Wales.

Background information

Events leading to the insolvency appointments

Material subscriptions began in second half of 2013 and the fund administration was taken in house from December 2014

Chronology and key events

We summarise below key events that have taken place prior to the insolvency appointments based on our initial investigations.

December 2011 – PGL incorporated	AB and JO as shareholders
Early 2011 – AB contacts CC and selects FC as fund administrator	Following meetings in London, CC facilitate introductions to fund administrators and other parties in Guernsey
February 2012 – PIMIL incorporated	
March 2012 – PIF incorporated	AB, PE and SD directors
June 2012 – PIF scheme particulars published	Registered Closed Ended Investment Scheme
June 2013 – PIF subscriptions begin to build	Although the first subscription was in October 2012, material inflows commenced in the second half of 2013
December 2014 – PGL acquires Fund Corp / LFS	Fund Corporation had undertaken fund administration services from inception of PIF and this transaction brought the administration 'in house' with PGL and hence AB as controlling shareholder. Fund Corporation rebranded as Lumiere.

Background information

Events leading to the insolvency appointments

Although numerous comments were made from March 2015 in respect of over reliance of AB and no checks in respect of AB's direction for cash transfers, it appears limited controls were put in place to safeguard this

Chronology and key events

We summarise below key events that have taken place prior to the insolvency appointments based on our initial investigations.

March 2015 – Draft management letter including issues identified by management	Significant issues noted including - Inappropriate description of investment process in the scheme particulars - Limited recognition of amounts owed to PIF by Brazilian factoring business - Lack of adherence to investment strategy with monies not deployed into Brazilian factoring at the required rates - Lack of clarity over cash deployment process and oversight - Loan interest and payments to meet investor dividend requirements not formally documented - Conflicts of interest of AB which were not effectively managed - Overreliance on AB
May 2015 – Auditor planning observations issued	Key points included - Passing PIF monies to PGL is a clear breach of scheme particulars - No evidence that PIF or PIMIL actively review factoring businesses or subject AB decisions to checks and balances - Grave concerns that cash transfers are done at the behest of a single, connected and controlling individual - Lack of segregation of client funds
May 2015 – Directors letter to the Commission setting out control failures and action plan	Key points - Cash transactions had been subject solely to AB direction - Cash not sent to Brazil - Ineffective monitoring of Brazilian operations
October 2015 - LFA put in place	Designed to capture the group wide lending and ensure that PIF was guaranteed payment of obligations by PGL should any part of PGL group not meet payments. Contained requirements for additional documentation to be put in place.
October 2015 – Guernsey PFM account opened	In order to comply with the LFA and enable recognition of the full debt in the PFM accounts all monies from PIF were initially placed into a Guernsey based PFM account.

Background information

Events leading to the insolvency appointments

The internal assurance team and external legal review in early January both showed lax governance, monitoring and improper control of investor monies

Chronology and key events

We summarise below key events that have taken place prior to the insolvency appointments based on our initial investigations.

January 2016 - Internal Assurance Team report	Findings include - for PGL: lack of board meetings; no group level financial forecasting; limited diligence applied prior to opening new operations; non timely communication of compliance matters, such as regulatory findings against a business partner in Canada / Asia. - For PIF: no liquidity monitoring of investments; investor dividend payments being met from investor inflows; no evaluation of where investor money is being spent, the reasons why, the recoverability of loans to related parties, and the ability to meet commitments being made around the world; and raises concerns over 'matched trades' connected to the US Providence business.
February 2016 – External legal compliance review report	Significant number of findings, noted as largely if not entirely flowing from un-managed conflicts of interest. Selected observations as follows: - It may appear, to a third party, that investors money is being used to meet PGL group expenses, including PFM obligations to PIF; - PGL has effective control over PIF cash rather than LFS; - Documentation of loans into PFM from PIF is not put in place before cash is paid, in some cases PIF inflows are used to fund PIF outflows; and - Serious financial crime issues raised, described as likely to give rise to significant regulatory sanction.
April 2016 – Audited PIF financial statements issued for 31 December 2014 and 31 December 2013	Unqualified audit opinions given.

Background information

Events leading to the insolvency appointments

April 2016 audit letter provided further detail of real failings by PIF and PIMIL senior management

Chronology and key events

We summarise below key events that have taken place prior to the insolvency appointments based on our initial investigations.

April 2016 – audit findings and management letter issued	Conclusion reached that loans made to PFM were recoverable as 61% of maturing cells were paid out from cash received from PGL under the LFA (the remaining 39% was reinvested in new cells). Issues highlighted include: - Retroactive documentation, redrafting and ratifying material transactions to "align with the financial reporting"; - Systemic failings by the boards; - Unmanaged conflicts of interest; - Remedial actions not completed; and - No communication with historical investors to clarify 'investment process'.
June 2016 - SEC action in Minnesota against US Providence	SEC complaint against Providence Financial Investments Inc and other parties relating to ongoing fraudulent and unregulated sale of securities. Complaint subsequently amended in August 2016 to include AB, also prohibits his travel, freezes his assets and requires him to provide an accounting for the last 15 years.
June 2016 - Conditions placed prohibiting new subscriptions	The Commission placed conditions on PIF which, amongst other things, stopped any further subscriptions / new cells being created

Background information
PIF and PIMIL

We understand that only 22% of investor monies were passed directly or indirectly to PFM with the remainder utilised in the group or other Providence ventures

It is currently unclear how much of the 22% was subsequently deployed in factoring activities

PIF and PIMIL

PIMIL acted as the investment manager for PIF which was created to provide investors an opportunity to earn a high fixed coupon generated from a Brazilian factoring business. Investment terms were for either 18, 24, 36 or 48 months with varying rates of return and split between three currencies - £ (83%), US dollars (9%) and euros (8%).

The £37.2m of investor funds (net of redemptions) were supposed to be utilised as follows:

- PIF entered in to a contractual secured loan agreement with PFM, one of the group's Brazilian factoring subsidiaries
- PFM was to use the loan proceeds to purchase receivables under a series of debt factoring contracts
- PIF would receive agreed sums from PFM to enable it to meet its distribution commitments and capital obligations to investors

Instead our initial understanding is that monies were utilised as follows:

- PIF entered in to a contractual secured loan agreement with PFM, one of the group's Brazilian factoring subsidiaries
- However, not all investor cash was actually invested in PFM and hence a significantly lower amount of funds were invested into the actual factoring assets
- Investor cash was either (1) part diverted to PGL or PGF (pre November 2015) or (2) passed to a PFM bank account in Guernsey where the proceeds were largely on lent to either PGL or PGF.
- We have been unable to complete our work on tracing the funds from PGL and PGF but we can confirm that at the date of our appointment no material assets existed in any of the entities in the group structure provided to us by management.

Further detail on the apparent deployment of cash is set out on pages 15 and 16. In summary, monies appear to have been deployed as follows:

- Deployed directly or indirectly to PFM 22% (i.e. £8.2m)
- Deployed to PGL or PGF 78% (i.e. £29.0m)

Whilst more than 22% was initially deployed to PFM, a large amount has either been passed out of PFM for other purposes or passed back to PGL or PGF for deployment elsewhere in the group or its wider interests in the US or Asia.

We have spent significant time and effort seeking to obtain financial information from PFM to substantiate the above position. To date the latest accounts we have been able to obtain from the Guernsey management are dated 31 March 2016. These accounts only show £1.1m of factoring assets with a further £10.2m relating to PFM's "Current Accounts", which we believe to be inter company receivables. Further detail on the Brazilian operations are set out on pages 18 to 20.

Background information

PIF and PIMIL

The Scheme Particulars and Supplemental Particulars state that the loans advanced by PIF are to be applied to debt factoring contracts in Brazil and that segregated bank accounts will be maintained to provide security coverage

There are no provisions for loans from PIF to be deployed outside of factoring and generally by PGL for other activities

PIF and PIMIL (continued)

We have reviewed the various prospectus documents issued at various stages and comment below on the key provisions with respect to the investment policy, objectives and strategy.

Scheme Particulars were issued by PIF connected with the establishment of cells and these provide that the Supplemental Particulars detail the investment objectives, policies and restrictions for the respective cells. For the period from June 2012 to December 2015 the investment objectives and policies were consistent for each of the cells and stated that the investment objective was to provide the applicable Preferred Return to Preference Shareholders on a fixed basis by providing access to Brazilian debt factoring opportunities. This investment objective was also consistent in the 1 January 2016 and 10 May 2016 Supplemental Particulars.

The investment strategy and process stated that PIF will enter into contractual loan agreements with one or more suitably qualified Brazilian companies including PFM and BPA and that under the loan agreements PIF will provide finance to the Factoring Companies which will in turn enter into a series of debt factoring contracts in Brazil. The Factoring Companies were to establish segregated bank accounts for PIF. The amounts in the accounts were to be held as security for the loans advanced by PIF. As all of the receivables held in Brazil by the Factoring Companies were to be repayable to these accounts it was stated that the loans would therefore be anticipated to have significant security coverage.

In the Supplemental Particulars issued as of 1 January 2016 and 10 May 2016, which are the last available, the investment strategy and process was amended to also include paragraphs that detailed that:

PIF lends 100% of subscription monies to the Factoring Companies and that they use these monies for their operations, balancing operational efficiency, debt servicing and efficient mitigation of taxation. They also state that for the 'sake of clarity' the Factoring Companies maintain bank accounts outside of Brazil and manage their cashflows having regard to the taxation of monies moved into and out of Brazil and that the Investment Manager monitors that there are sufficient assets in the Factoring Companies to repay the loans to PIF. It is also stated that PIF has entered into an agreement with PFM and PGL to make the cashflow process as efficient as possible for all parties under a master agreement and that under the agreement PGL guarantees all obligations and liabilities to PIF and that PGL may settle amounts due. It also states that a Brazilian law security over the shares of PFM and BPA has been granted by PGL to PIF.

Based on the review of the Scheme Particulars and Supplemental Particulars the investment strategy is clearly stated as to be loans to be used for factoring in Brazil. There are no apparent provisions that permit investor monies to be utilised for other purposes. Whilst PGL has guaranteed the amounts, as detailed in the 1 January and 10 May 2016 Supplementary Particulars, it does not state that monies would be applied and used by PGL for other activities.

In the Report of the Directors in the financial statements for the year ended 31 December 2014 a reference is made to the fact that not always 100% of monies are deployed into the Brazilian factoring companies but that they remain liable and guaranteed by PGL. This is in apparent contradiction to the provisions of the Supplemental Particulars as detailed above.

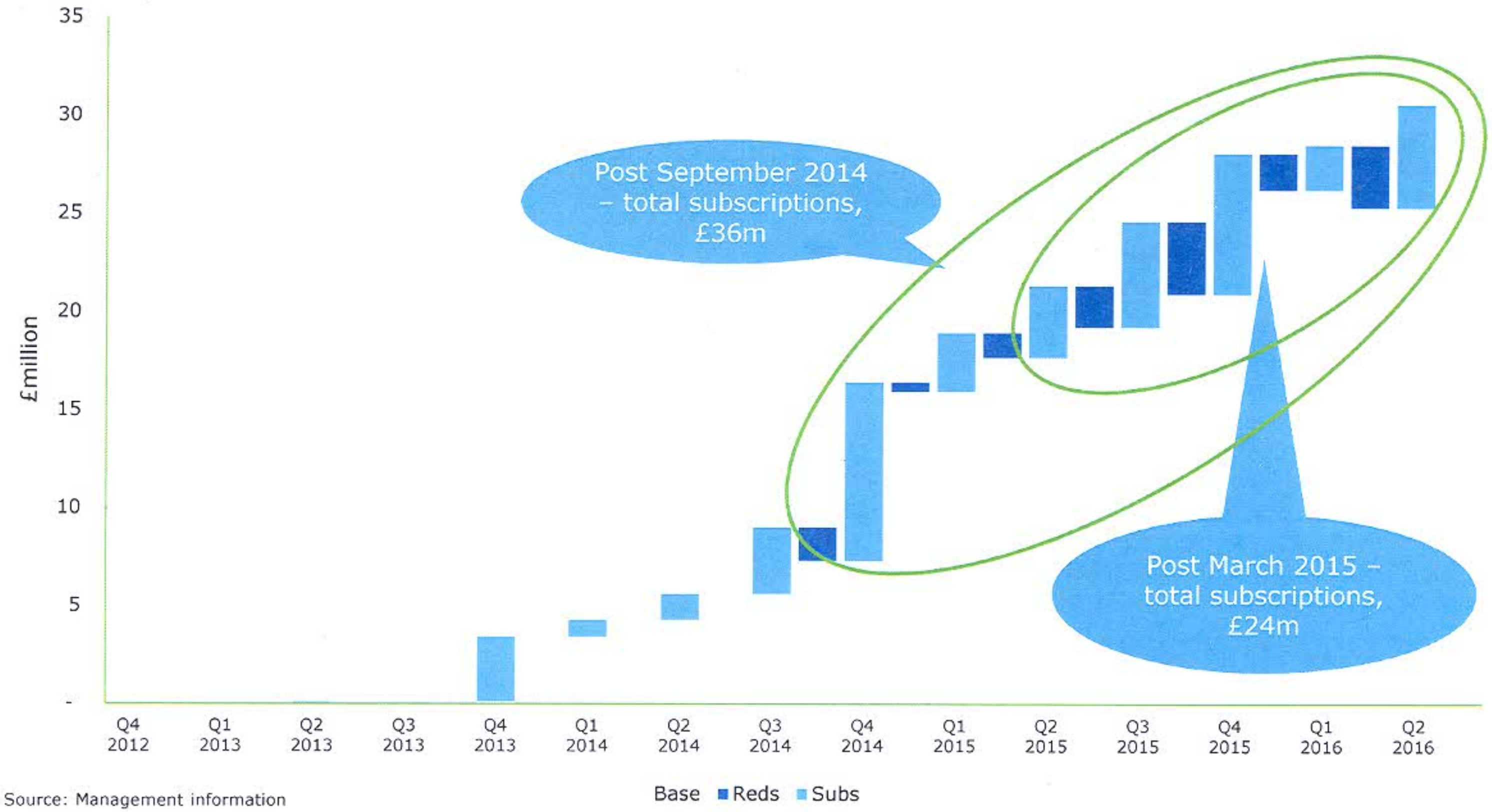
PIF and PIMIL
Investment ramp up

The majority of funds invested into PIF were raised within the last 2 years

Investments into PIF

Investments into PIF were predominantly made in GBP. The chart below shows that the majority of fund raising occurred from late 2014 with subscriptions of between £3m and £9m per quarter thereafter. Redemptions were consistently lower than subscriptions.

Net GBP funds invested at end of June 2016 totalled £30.6m. EUR and USD investments into PIF totalled EUR3.7m and USD4.6m respectively at end of June 2016.



Source: Management information

PIF and PIMIL
Financial position

PIF is dependent on recovery of its investment loans for value, these require recovery from Brazil as the rest of the PGL group has minimal value

PIF structure and investment

PIF is structured as a PCC, each cell's assets and liabilities are designed to be kept separate.

Investors subscribed for redeemable preference shares in each cell representing their economic interest in the residual assets of that cell.

Management shares of the core of the PCC are held by PGL group, these have no economic interest in the cells.

The table to the right shows the aggregated cellular position. All cells are understood to be invested in PFM and PGL group and to have followed the same main investment strategy and process.

PIF Balance Sheet	09/08/2016 GBP	31/12/2015 GBP	31/12/2014 GBP
Assets			
Cash & cash equivalents	-	1,688	283,455
Fees and interest receivable	1,876,327	-	-
Sundry debtors	8,712	6,028	5,745
Investment loans	37,222,116	32,234,309	18,956,632
	39,107,154	**32,242,025**	**19,245,832**
Liabilities			
Loan payable	(1,880)	(2,024)	(1,926)
Dividends payable	(1,876,327)	-	(403,097)
Sundry creditors	(3,831)	(3,373)	(13,224)
	(1,882,038)	**(5,397)**	**(418,247)**
Net Assets attributable to shareholders	**37,225,117**	**32,236,628**	**18,827,585**

Estimated assets and liabilities

PIF's assets consist almost entirely of the investment loans that it has made to the PGL group companies.

The book keeping records that the investment loans were made to PFM in their entirety.

However, the lending was routed through a number of companies in the PGL group and would appear to have benefitted those companies and connected parties.

The investment loan balance in PIF is dependent on the LFA which is intended to bring all PGL group entities within the available collateral to repay the PIF loans.

Current position

As at the date of appointment, dividends payable to preference shareholders were recognised in the management accounts along with a receivable in the same amount from PIF / PGL to facilitate the payment of those dividends to investors.

No amount has been received from PFM on the loan balance or the fees and interest receivable balance since our appointment.

Realisable value

It is not currently possible to estimate the realisable value of the Investment loans balance in PIF.

The information we have seen, suggests that there is essentially nil value in the Guernsey and England & Wales entities in the PGL group.

Any value is therefore likely to depend almost entirely on recoverability from PFM and other Brazilian operations, such a recovery appears highly uncertain and challenging as discussed further in the section on Brazil.

PIF and PIMIL

Funds flow

PIF funds appear to largely have been utilised for purposes other than Brazilian debt factoring

PIF cash deployment

Management operated a 'deployment model' which was reported as monitoring the amount of cash that was required to be utilised in Brazilian debt factoring in order to generate the required returns for PIF. The cumulative deployment up to and since October 2015 is analysed below. See page 16 for further detail.

Deployment of cash		up to 31/12/14	up to 30/9/15*	post 1/10/15	Total	fx @ period end	GBP Equivalent
	GBP	16,411,875	8,914,930	7,819,908	**33,146,713**	1.0000	33,146,713
Gross invested amount*	USD	2,054,918	1,144,998	2,199,310	**5,399,225**	1.3222	4,083,485
	EUR	1,410,476	1,402,474	1,701,167	**4,514,118**	1.1830	3,815,919
							41,046,117
Redemptions							- 3,804,201
Net invested							**37,241,917**
	GBP	6,545,700	426,550	170,905	**7,143,155**	1.0000	7,143,155
Deployed to PFM	USD	1,140,500	150,551	233,800	**1,524,851**	1.3222	1,153,259
	EUR	800,000	-	-	**800,000**	1.1830	676,264
							8,972,678
Used within the PGL/wider Providence worldwide group	GBP	9,866,175	8,488,380	7,649,003	**26,003,558**	1.0000	26,003,558
	USD	914,418	994,447	1,965,510	**3,874,375**	1.3222	2,930,226
	EUR	610,476	1,402,474	1,701,167	**3,714,118**	1.1830	3,139,655
							32,073,439

*Figures taken from information provided by management

The table below shows the overall invested cash in GBP terms for each period and the percentages deployed to PFM and elsewhere. Whilst deployment to PFM was 42% at the end of 2014, subsequently, very little was invested into PFM at all. This appears to coincide with the ramp up of investment and internalisation of administration.

Effective deployment rates	up to 31/12/14	%	up to 30/9/15	%	post 1/10/15	%	Total	%
Gross invested/GBP	18,824,386		10,704,340		10,921,314		41,046,117	
Gross deployed to PFM/GBP	7,897,994	42%	525,940	5%	347,730	3%	8,972,678	22%
Deployed within PGL/worldwide group/GBP	10,926,392	58%	10,178,400	95%	10,573,584	97%	32,073,439	78%

PIF and PIMIL

Funds flow

PIF funds appear to largely have been utilised for purposes other than Brazilian debt factoring

PIF cash deployment

Pre October 2015

Funds from PIF are understood to have been deployed into PFM Brazil directly and to PGL group. No bank transaction records have been made available directly to us for the period prior to October 2015.

Based on a schedule prepared by Providence staff in Guernsey, once in PGL group, funds appear to have been deployed for various purposes including during 2014 for:

PGL dividends; Staff payments; Group operating and development expenses; Transfers to US Providence entities outside of the PGL group; and Transfers to Asia Providence entities outside of the PGL group.

As we have had no access in Brazil, we have not yet identified the destination of monies once transferred to PFM in Brazil. However, it has been indicated to us that substantial amounts were not invested in factoring, see comments on Brazilian operations and finances.

Post October 2015

Subsequent to the creation of the LFA in October 2015, a bank account was opened in the name of PFM in Guernsey, thereafter all PIF net subscriptions were to flow to the Guernsey PFM account.

However, based on limited available transaction information for certain accounts in Guernsey it appears that the monies were not deployed to Brazil. Almost all amounts received into the PFM Guernsey account were paid back out to the PGF account.

Analysis of the bank accounts available to us post-October 2015 indicates the following fund flows from PGF:

CCY	Subsequent deployment							Total
	PGAL	PITL	BPA Trading	PWGL	PFM	PWL	LFS/LL/LW	
GBP	201,976	37,181	24,226	1,333,796	153,500	328,957	542,370	**2,622,006**
USD	1,290,996	2,521,128	-	-	233,875	-	-	**4,045,999**
EUR	1,100	4,870	-	-	-	-	2,300	**8,270**

There are a number of intercompany transfers, we make the following comments in relation to payments out of the accounts above.

The PITL amounts appear to frequently transfer funds to an entity described as 'HML' which we understand was a conduit to US Providence entities.

The PGAL amounts appear to pay a large number of counterparties suffixed with 'PPFL' which we understand is an Asian business connected to Providence but not part of the PGL group.

We understand over £400k was transferred to LWL to fund that entity's regulatory capital requirement in Jersey.

Further analysis is required from bank transactional reports to trace the flow of funds and how these were used. It is however clear that the flow of funds was not to Brazilian factoring.

Brazilian Group operations

Operational matters

Based on discussions with the Guernsey based directors, control of the Brazil operations and, more importantly, its cash flow rests almost exclusively with Antonio Buzaneli who has continued to frustrate our efforts to obtain detail on the Brazil operations

Brazilian operations

Based on discussions with the Guernsey based directors being Paul Everitt, Adam Tattersall, Robin Fuller and Steve Dewsnip our understanding of the Brazilian operations is as follows:

- PFM and BPA are supposed to be two Brazilian entities which provide factoring to SME's in Brazil.
- PFM & BPA are both 95%-owned and controlled by PGL, with the remaining 5% owned directly by AB. AB is "controller manager" of both PFM & BPA, and is each company's executive officer along with José Ordonez.
- Operations of the factoring companies, on a day-to-day basis, are managed by José Eduardo Araujo who we understand is a consultant, without any executive power (e.g. over bank accounts).
- The bookkeeping and accounting is done by an outsourced third party but with an internal Brazil finance team (invoicing, cash collection, etc.), a relationship team managing customer relations, and a new business team.
- The office in Sao Paulo has dramatically reduced in headcount over the last year, from circa 70-80 to circa 30-40 now.
- AB and a Brazilian based Financial Controller are the only parties with authorisation to manage the cash received from PIF into PFM.
- Importantly the Directors explained that AB determines the amount of cash to be allocated to the factoring business or elsewhere in the Group. Once allocated by AB to the Factoring business, the movement of cash is under the control of the Brazil operational team.
- Investments by PFM/BPA into Brazilian businesses' receivables splits into 3 levels being (1) Receipt of post-dated cheques, (2) Individual invoices, secured against the underlying company; and (3) Invoice discounting, where a credit line is offered on a rolling basis to companies.

Apart from the December 2015 accounts we were unable to obtain any detailed and up to date financial information as regards PFM or BPA from the Guernsey directors.

In addition we understand that historically there had been a significant lack of transparency and accountability in respect of the Brazil operations. This is an area we need to investigate in more detail.

The Guernsey directors also indicated to us that there were additional Brazilian trading entities where monies may have gone or been invested but they did not have any insight or detail. This again is an area for further investigation with regard to the valuation of these entities.

Difficulties and actions taken

Immediately on our appointment colleagues from Deloitte Brazil sought to meet with PFM / BPA management but AB (in his capacity as "controller") has continued to frustrate our efforts (by not engaging himself – or providing the required consent to Brazilian employees to engage – with us) to either discuss the operations or to receive up to date financial information.

In latest email exchanges AB confirmed he would provide certain information by the end of August and then by 3 September. Information to 31 March 2016 has subsequently been provided but no explanations have been forthcoming including answers to basic questions relating to the 31 December 2015 and 31 March 2016 accounts.

Given these difficulties we are investigating legal remedies to remove AB as controller of PFM and BPA but these will take time and expense to resolve.

Brazilian Group operations

Financial position

Based on information from 31 March 2016 recoveries appear to be dependant upon the recoverability of £8.5m of factoring balances at BPA.

The majority of BPA's other assets are receivables due from AB controlled entities in Brazil

Brazilian financial position

PFM was supposed to receive investor monies from PIF and BPA either from PB, PB2 or PIP.

As noted earlier it is clear that the majority of investor monies were not used to invest in factoring. The latest financial information is dated 31 March 2016 and summary balance sheets are shown in the table. Key points include:

- Both balance sheets show negative net assets

PFM

- Actual factoring balances are very low at £1.3m.
- The "Current Account" assets of £12.2m are either due from BPA (£8.5m) or PGF (£3.4m). PGF has no assets and we comment on BPA on the next page.
- We have requested, but not been provided with, detail of exactly what the £11.6m "Overseas Loans" relates to.
- The current account liability is largely due to PIF (£3.2m).
- **Overall any recovery appears to be dependant on a recovery from BPA and that the "Overseas Loan" liability is actually payable back to PIF.**

Providence Fomento Balance Sheet	31/03/2016 BRL	31/03/2016 GBP	31/12/2015 BRL	31/12/2015 GBP
Assets				
Cash & cash equivalents	565,919	131,606	241,548	56,173
Trade accounts receivable	5,611,389	**1,304,940**	5,792,108	**1,346,966**
Other short term receivables	(78,735)	(18,310)	(69,283)	(16,112)
Current Account	52,423,786	**12,191,256**	53,290,485	**12,392,809**
BPA	*36,747,518*	*8,545,709*		
PGF	*14,513,700*	*3,375,190*		
Other	*1,162,568*	*270,358*		
Other credits - BPA x Prov	7,736,837	**1,799,217**	-	-
Loans	37,833	8,798	37,833	8,798
Financial investments	232,149	53,987	232,149	53,987
Property, plant & equipment	684,498	159,181	715,030	166,282
Intangible assets	3,029	704	3,462	805
	67,216,705	**15,631,379**	**60,243,333**	**14,009,708**
Liabilities				
Suppliers	(85,472)	(19,877)	(86,274)	(20,063)
Tax & other accounts payable	(3,722,494)	(865,673)	(3,681,863)	(856,225)
Overseas loans	(49,896,492)	**(11,603,529)**	(53,207,248)	**(12,373,452)**
Current account loans	(16,317,969)	**(3,794,776)**	(9,009,179)	**(2,095,103)**
	(70,022,427)	**(16,283,855)**	**(65,984,564)**	**(15,344,842)**
Net Assets	**(2,805,722)**	**(652,476)**	**(5,741,231)**	**(1,335,135)**

Brazilian Group operations

Financial position

Based on information from 31 March 2016 recoveries appear to be dependant upon the recoverability of £8.5m of factoring balances at BPA.

The majority of BPA's other assets are receivables due from AB controlled entities in Brazil

Brazilian financial position

BPA

- Factoring balances appear to be £8.5m. Of this c70% relates to 4 balances and we have requested information relating to the collectability or otherwise of these balances.
- Almost all of the £12.1m Current Account asset is due from Brazil companies controlled by AB – and hence it appears significant balances were actually used in other AB business ventures and not in factoring.
- We have requested detail of exactly what the £13.9m "Overseas Loans" relates to.
- The current account liability is mainly due to PFM (£3.2m).
- **Any recovery appears to be dependant on recovery from the £8.5m factoring balances – which largely relate to 4 balances.**

BPA Fomento	BPA 31/3/16		BPA 31/12/15	
Balance Sheet	BRL	GBP	BRL	GBP
Assets				
Cash & cash equivalents	24,919	5,795	146,126	33,982
Trade accounts receivabl	36,791,309	**8,555,892**	37,835,328	**8,798,681**
Other short term receival	2,517,380	585,422	2,310,930	537,411
Current Account	52,438,682	**12,194,720**	49,779,995	**11,576,437**
Providence Turismo	*14,980,330*	*3,483,706*		
Suba [Propoaganda]	*11,900,534*	*2,767,493*		
BPA Internacional	*10,800,093*	*2,511,583*		
AB or other AB owned e	*5,323,355*	*1,237,957*		
Other group/related con	*9,434,370*	*2,193,982*		
Loans	173,886	40,438	127,414	29,630
Financial investments	108,718	25,283	100,098	23,278
Property, plant & equipm	74,611	17,351	78,652	18,291
Intangible assets	85	20	92	21
	92,129,590	**21,424,920**	**90,378,635**	**21,017,732**
Liabilities				
Suppliers	(229,716)	(53,421)	(165,216)	(38,421)
Tax & other accounts pay	(2,603,119)	(605,361)	(2,701,313)	(628,196)
Other - Credit BPA x Prov	(7,736,837)	**(1,799,217)**	-	-
Overseas loans	(59,741,744)	**(13,893,062)**	(63,454,622)	**(14,756,499)**
Current account loans	(39,194,966)	**(9,114,868)**	(45,746,367)	**(10,638,409)**
	(109,506,382)	**(25,465,928)**	**(112,067,519)**	**(26,061,526)**
Net Assets	**(17,376,792)**	**(4,041,008)**	**(21,688,883)**	**(5,043,793)**

Note: FX rate: 0.232552

Glossary

AB	Antonio Buzaneli
BPA	BPA Fomento Mercantil, Investimentos E Participações LTDA
CC	Collas Crill
The Commission	Guernsey Financial Services Commission
FC	Funds Corporation
Group	Providence Global Limited and its subsidiaries
LFA	Loan Framework Agreement
LFS	Lumiere Fund Services Limited
n/a	Data either not applicable or not available
PB	Providence Bonds Plc
PB2	Providence Bonds II Plc
PE	Paul Everitt
PFM	Providence Fomento Mercantil, Investimentos E Participações LTDA
PGAL	Providence Global Asia Limited
PG Factoring	Providence Global Factoring Limited
PGF	Providence Group Finance Limited
PGL	Providence Global Limited
PIF	Providence Investment Funds PCC Limited
PIMIL	Providence Management International Limited
PIP	Providence Investments PCC Limited
PITL	Providence International Trading Limited
SD	Steve Dewsnip
SME's	Small and medium sized enterprises

APPENDIX 1 – Investors in PIF

FORM OF PROXY

PROVIDENCE INVESTMENT FUNDS PCC LIMITED (MANAGED BY ADMINISTRATION MANAGERS)

(NOT FOR INVESTORS IN PROVIDENCE INVESTMENTS PCC LTD)

WE/I, ______________________________ of (address) ______________________________

being the holder of __________ Participating Preference Shares of the ______________ Cell of the above named Company HEREBY APPOINT

______________________________ as our proxy, to attend on our behalf the meeting of the Company to be held on 5 October 2016 and any adjournment thereof.

Signed ______________________________

Dated ______________________________

Note:

1. Companies should affix their common seal or sign by a duly authorised officer.
2. To be effective this proxy must be lodged at the address below not later than 5 pm on 28 September 2016.

FAO: R McKeary
Joint Administration Managers
Providence Investment Funds PCC Limited (managed by Administration Managers)
c/o Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 3HW

PROVIDENCE INVESTMENT FUNDS PCC LIMITED (MANAGED BY ADMINISTRATION MANAGERS)
(THE "COMPANY")

NOTICE OF A MEETING OF CREDITORS OF THE COMPANY, THE HOLDERS OF PARTICIPATING REDEEMABLE PREFERENCE SHARES ("CELL SHARES") IN THE CELLS OF THE COMPANY, AND NON-PARTICIPATING SHARES OF NO PAR VALUE IN THE CAPITAL OF THE COMPANY ("MANAGEMENT SHARES")

A meeting of the Company has been summoned by the Joint Administration Managers under Section 4(6)(b) of the Protection of Investors (Administration and Intervention) (Bailiwick of Guernsey) Ordinance, 2008, as amended, for the purpose of receiving an update on the Companies from the Joint Administration Managers.

Cell Shareholders of the Company and Management Shareholders of the Company entitled to attend the meeting are entitled to appoint a proxy to attend instead of him/her. A proxy need not be a member of the Company. Proxies must be lodged at the offices of Deloitte LLP, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3HW no later than 5 pm on 28 September 2016.

The meeting will be held as follows:

Date:	5 October 2016
Time:	10 am. Attendees are requested to allow time for registration.
Location:	Beau Séjour Centre Amherst Road St. Peter Port Guernsey GY1 2DL

Alex Adam
Joint Administration Manager
Providence Investment Funds PCC Ltd (managed by Administration Managers)

Dated: 13 September 2016

APPENDIX 2 – Investors in PIP

FORM OF PROXY

PROVIDENCE INVESTMENTS PCC LIMITED (IN LIQUIDATION)

(NOT FOR INVESTORS IN PROVIDENCE INVESTMENT FUNDS PCC LTD)

WE/I, ______________________________________ of (address) ____

being the holder of ______________ Participating Preference Shares of the ______________________ Cell of the above named Company HEREBY APPOINT

____ as our proxy, to attend on our behalf the meeting of the Company to be held on 5 October 2016 and any adjournment thereof.

Signed ____

Dated ____

Note:

1. Companies should affix their common seal or sign by a duly authorised officer.
2. To be effective this proxy must be lodged at the address below not later than 5 pm on 28 September 2016.

FAO: R McKeary
Joint Liquidators
Providence Investments PCC Limited (in Liquidation)
c/o Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 3HW

PROVIDENCE INVESTMENTS PCC LIMITED (IN LIQUIDATION) (THE "COMPANY")

NOTICE OF A MEETING OF CREDITORS OF THE COMPANY, THE HOLDERS OF PARTICIPATING REDEEMABLE PREFERENCE SHARES ("CELL SHARES") IN THE CELLS OF THE COMPANY, AND NON-PARTICIPATING SHARES OF NO PAR VALUE IN THE CAPITAL OF THE COMPANY ("MANAGEMENT SHARES")

A meeting of the Company has been summoned by the Joint Liquidators (as applicable) under Section 399 of the Companies (Guernsey) Law, 2008, for the purpose of receiving an update on the Company from the Joint Liquidators.

Cell Shareholders of the Company and Management Shareholders of the Company entitled to attend the meeting are entitled to appoint a proxy to attend instead of him/her. A proxy need not be a member of the Company. Proxies must be lodged at the offices of Deloitte LLP, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3HW no later than 5 pm on 28 September 2016.

The meeting will be held as follows:

Date: 5 October 2016
Time: 10 am. Attendees are requested to allow time for registration.
Location: Beau Séjour Centre
Amherst Road
St. Peter Port
Guernsey
GY1 2DL

Alex Adam
Joint Liquidator
Providence Investments PCC Ltd (in Liquidation)

Dated: 13 September 2016

Deloitte.