

Chairman's Report

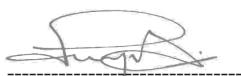
Despite the subdued economic environment, Consolidated Finance Co. Limited ("the Company") produced a satisfactory Operating Income performance comprising net interest income, net lease rental income, fees and foreign exchange income of \$13.4 million in 2018, just 6% shy of the result of \$14.3 million in 2017. Net interest income decreased by 8% to \$7.7 million down from \$8.4 million in 2017.

Loss before taxation of \$4.4 million for the year ended December 31, 2018 compared to a profit of \$3.9 million in 2017 was largely due to conservative impairments taken on legacy non-performing loans and investments of \$9.2 million due to the depressed asset values and the impact of the Sovereign Debt Restructuring. Net income for the year was \$0.4 million because of these circumstances.

We remain one of the best capitalized operations as our capital base closed strong at \$51.0 million, with the Company's capital adequacy ratio at 27% on par with 2017 and well above the regulatory requirements of 8%, reflecting the strength of our business. Our Parent Company, ANSA Merchant Bank Limited has Total Assets of over USD 1.1 Billion and a capital base of over USD 350.0 million as at December 31, 2018.

In 2019 we formally launched our new Corporate Sales Office at Regus, One Welches, St. Thomas from which we will service our corporate, commercial and foreign exchange customers, as we strive to deepen our foothold in our community and provide better customer service to our clientele. We sincerely thank all our customers for their loyal support in 2018.

I express my thanks and appreciation to my fellow Directors on the Board and acknowledge the hard work and contributions of our committed Management and Staff.



Gregory N. Hill
Chairman of the Board of Directors
29 March, 2019



Independent Auditor's Report To the Shareholder of Consolidated Finance Co. Limited

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2018, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended and related notes, are derived from the complete audited financial statements of Consolidated Finance Co. Limited ("the Company") for the year ended 31 December 2018.

In our opinion, the summarised financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 19 March 2019. The audited financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Responsibilities of Management for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with Note 1.

Auditor's Responsibilities for the Audit of the Summary Financial Statements

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



Chartered Accountants
Barbados
29 March, 2019

Summarized Statement of Financial Position

As at December 31, 2018
(Expressed in Barbados Dollars)

	2018 \$	2017 \$
Assets		
Cash and balances with Central Bank	16,715,926	30,210,782
Loans and other receivables	124,599,944	124,696,385
Investment securities	12,118,991	20,528,990
Due from parent and fellow subsidiaries	22,147	1,597
Corporation tax recoverable	11,250	-
Inventories	346,392	402,136
Property and equipment	4,419,599	3,975,462
Leased assets	38,075,133	41,084,254
Deferred tax asset	280,140	403,065
Employee benefit asset	2,227,253	2,298,253
Total assets	198,816,775	223,600,924
Liabilities		
Accounts payable and accrued liabilities	2,984,830	8,516,341
Due to fellow subsidiaries	85,065	417,435
Customers' deposits and accrued interest	143,020,103	153,876,595
Corporation tax payable	-	726,513
Deferred tax liability	1,451,430	6,897,195
Employee benefit liability	294,725	234,725
Total liabilities	147,836,153	170,668,804
Shareholder's equity		
Stated capital	10,000,000	10,000,000
Reserves	12,495,644	10,431,555
Retained earnings	28,484,978	32,500,565
Total shareholder's equity	50,980,622	52,932,120
Total liabilities and shareholder's equity	198,816,775	223,600,924

Approved by the Board of Directors on March 12, 2019 and signed on its behalf by:



G.N. Hill

.....Director



R.K. Phillips

.....Director

Summarized Statement of Comprehensive Income

Year ended December 31, 2018 (Expressed in Barbados Dollars)	2018 \$	2017 \$
Income		
Interest income from loans	10,671,280	11,801,058
Interest income from investments	835,927	1,739,658
Total interest income	11,507,207	13,540,716
Finance costs	(3,763,811)	(5,101,635)
Net interest income	7,743,396	8,439,081
Net lease rental income	4,067,553	4,027,581
Other income	1,579,855	1,822,642
Net interest and other income	13,390,804	14,289,304
General and administrative expenses	(8,671,334)	(8,800,353)
Income before impairment losses on loans and taxation	4,719,470	5,488,951
Impairment losses on loans	(3,152,576)	(1,568,375)
Impairment on investments	(6,004,645)	-
(Loss) Income before taxation	(4,437,751)	3,920,576
Tax credit (charge)	4,860,187	(1,012,477)
Net income for the year	422,436	2,908,099
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:		
Revaluation of land and buildings	-	(401,760)
Re-measurement loss on post retirement plans	(383,169)	(44,044)
Other comprehensive loss for the year, net of tax	(383,169)	(445,804)
Total comprehensive income for the year, net of tax	39,267	2,462,295

Summarized Statement of Cash Flows

Year ended December 31, 2018 (Expressed in Barbados Dollars)	2018 \$	2017 \$
Cash flows from operating activities		
(Loss) Income before taxation	(4,437,750)	3,920,576
Adjustments for:		
Impairment losses on loans	3,152,576	1,568,375
Impairment on investments	6,004,645	-
Reversal impairment on inventory	(44,229)	(36,835)
Depreciation	10,309,757	10,408,474
Interest income from investments	(835,927)	(1,739,658)
Gain on disposal of property, equipment and leased assets	(1,663,184)	(1,561,523)
Employee benefits	(197,825)	(197,000)
Changes in operating assets and liabilities	12,288,063	12,362,409
(Increase) decrease in loans and other receivables	(3,150,319)	3,785,850
Decrease (increase) in cash reserves held at Central Bank	1,899,748	(140,850)
Decrease in inventories	99,973	87,444
Increase in due from parent and fellow subsidiaries	(20,550)	(1,299)
(Decrease) increase accounts payable and accrued liabilities	(5,531,511)	495,409
(Decrease) increase in due to fellow subsidiaries	(332,370)	330,277
Decrease in customers' deposits and accrued interest	(10,856,492)	(11,429,366)
Net cash from operating activities	(5,603,458)	5,489,874
Interest income received from investments	776,095	1,319,277
Dividends paid	-	(3,000,000)
Corporation tax paid	(720,263)	(1,673,249)
Corporation tax refund	-	741,360
Withholding tax paid	(11,250)	(73,235)
Net cash (used in) from operating activities	(5,558,876)	2,804,027
Net cash flows used in investing activities		
Purchase of property, equipment and leased assets	(12,271,123)	(14,558,121)
Proceeds from disposal of property, equipment and leased assets	6,189,534	6,234,242
Purchase of investments	(60,000)	(7,000,000)
Proceeds from disposal / maturities of investments	105,357	8,191
Net cash used in investing activities	(6,036,232)	(15,315,688)
Net decrease in cash and cash equivalents	(11,595,108)	(12,511,661)
Cash and cash equivalents – beginning of year	23,361,944	35,873,605
Cash and cash equivalents – end of year	11,766,836	23,361,944

Summarized Statement of Changes in Equity

 Year ended December 31, 2018
 (Expressed in Barbados Dollars)

	Stated capital \$	Reserves \$	Retained Earnings \$	Total \$
Balance as at December 31, 2016	10,000,000	10,877,359	32,592,466	53,469,825
Total comprehensive income for the year	-	(445,804)	2,908,099	2,462,295
Dividends paid	-	-	(3,000,000)	(3,000,000)
Balance at December 31, 2017	10,000,000	10,431,555	32,500,565	52,932,120
Impact of adopting IFRS9	-	-	(1,990,765)	(1,990,765)
Restated balance at January 01, 2018	10,000,000	10,431,555	30,509,800	50,941,355
Total comprehensive income for the year	-	(383,169)	422,436	39,267
Transfer from retained earnings to reserves	-	2,447,258	(2,447,258)	-
Balance at December 31, 2018	10,000,000	12,495,644	28,484,978	50,980,622

Note 1

The summarized financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summarized statement of financial position, summarized statement of income, summarized statement of comprehensive income, summarized statement of changes in equity and summarized statement of cash flows. These summarized financial statements are derived from the audited financial statements of Consolidated Finance Co. Limited for the year ended 31 December 2018 which are prepared in accordance with International Financial Reporting Standards.

Board of Directors

Mr. G. N. Hill, FCCA, MBA - Chairman | Mr. S. R. Edghill | Mr. J. W. Gellineau, FCA | Mrs. M. J. Mahabir, QC | Mr. N. V. Mouttet | Mr. R. K. Phillips

Corporate Secretary - Ms. L. R. McCollin, FCCA, FCA