

## Chairman's Report

Consolidated Finance Co. Limited (CFCL) recorded net interest and other income of \$15.9 million in 2012, down 11.2% from the prior year; reflecting the weak economic conditions which have persisted in Barbados and the region since 2008. These conditions have continued to impact the growth of our business as well as the ability of some of our customers to service their debts. We have therefore prudently continued our policy of rigorous assessments of our loan portfolios to identify losses at the earliest possible stage which has led to an increase of 58% in impairment losses during 2012. As a result CFCL recorded income before impairment losses of \$4.8 million (2011: \$7.5 million) and a net after tax loss of \$6.0 million due to impairment losses on loans of \$12.8 million (\$8.1 million in 2011).

We have added significant experience to our management team in 2012 and have continued to make investments in technology and systems to improve efficiency and customer satisfaction. We remain committed to our customers to find solutions to their challenges.

We are encouraged by CFCL's profitable results for the first quarter of 2013, and remain positive about the long term prospects for the Barbados economy which will ultimately benefit the company. The balance sheet remains strong with a capital base of \$45.5 million as at 31st December 2012 and a capital adequacy ratio of 17.7% which is well above the regulatory minimum of 8%.

Last year we announced discussions between our ultimate parent ANSA McAL Limited and ANSA Merchant Bank Limited (AMBL) for the latter to acquire CFCL. The transaction has been approved by AMBL's board and subject to regulatory approvals in Barbados and Trinidad & Tobago will be completed in the third quarter of 2013. AMBL is a public company listed on the Trinidad and Tobago Stock Exchange. It is a licensed non-bank financial institution in Trinidad and Tobago and is owned 82.5% by ANSA McAL Limited.

Mr Nigel Romano resigned from the ANSA McAL Group to take an appointment with a regional financial institution and Mr Stan Affonso retired as a non-executive director. I take this opportunity to express our gratitude to Mr Romano for his decisive leadership, and to thank Mr Affonso for his many years of dedicated service and invaluable advice. Our Board, Management and Staff have worked assiduously in 2012 and are focused and committed to serving our many customers and depositors in 2013 and beyond.



Chip Sa Gomes  
Chairman  
23 April, 2013

## Independent Auditors' Report

To the Shareholder of Consolidated Finance Co. Limited

The accompanying summarized financial statements, which comprise the summarized statement of financial position as of 31 December 2012, and the summarized statement of income, summarized statement of comprehensive income, summarized statement changes in equity and summarized statement of cash flows for the year then ended, are derived from the audited financial statements of Consolidated Finance Co. Limited for the year ended 31 December 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 15 April 2013. The summarized financial statements do not reflect the effect of events that occurred subsequent to the date of our audit report on the financial statements.

The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statements.

### Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis of their established criteria as described in Note 1.

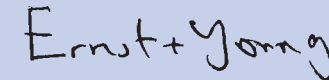
### Auditors' Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures,

which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

### Opinion

In our opinion, the summarized financial statements derived from the audited financial statements for the year ended 31 December 2012 are consistent, in all material respects, with those financial statements, on the basis of management's established criteria as described in Note 1.



CHARTERED ACCOUNTANTS  
Barbados  
23 April 2013

### 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 2012 which are prepared in accordance with International Financial Reporting Standards.

## Statement of Financial Position

As at December 31, 2012  
(Expressed in Barbados Dollars)

	2012 \$	2011 Restated \$	As at January 1, 2011 Restated \$
<b>Assets</b>			
Cash and short-term deposits	30,188,723	22,424,942	46,763,693
Loans and other receivables	155,975,771	168,108,532	178,964,977
Inventories	1,020,325	885,482	2,810,558
Due from parent and fellow subsidiaries	12,804,875	12,626,722	-
Investments	16,653,712	17,814,952	17,513,876
Property and equipment	2,586,291	2,486,669	2,687,380
Leased assets	55,870,667	51,884,544	52,477,343
Corporation tax recoverable	741,360	517,549	-
Deferred tax asset	2,694,695	482,347	-
Employee benefit asset	740,282	507,435	287,461
<b>Total assets</b>	<b>279,276,701</b>	<b>277,739,174</b>	<b>301,505,288</b>
<b>Liabilities</b>			
Bank overdraft	-	-	4,626,958
Accounts payable and accrued liabilities	14,700,637	7,314,048	6,663,132
Other liability	18,061	2,809,424	24,219,391
Due to fellow subsidiaries	376,562	1,007,011	2,946,194
Fixed deposits and accrued interest	210,303,022	207,124,289	202,011,117
Corporation tax payable	-	-	1,018,523
Deferred taxation	8,174,890	7,932,460	7,860,523
Employee benefit liability	164,000	144,000	127,039
<b>Total liabilities</b>	<b>233,737,172</b>	<b>226,331,232</b>	<b>249,472,877</b>
<b>Shareholder's equity</b>			
Stated capital	10,000,000	10,000,000	10,000,000
Capital reserve	10,000,000	10,000,000	10,000,000
General reserve	232,606	232,606	232,606
Revaluation reserve	614,992	454,872	614,992
Retained earnings	24,691,931	30,720,464	31,184,813
<b>Total shareholder's equity</b>	<b>45,539,529</b>	<b>51,407,942</b>	<b>52,032,411</b>
<b>Total liabilities and shareholder's equity</b>	<b>279,276,701</b>	<b>277,739,174</b>	<b>301,505,288</b>

Approved by the Board of Directors on April 15, 2013 and signed on its behalf by:



.....Director  
N.V. Mouttet



.....Director  
M.G. Hinds

**Statement of Comprehensive Income**

 Year ended December 31, 2012  
 (Expressed in Barbados Dollars)

	2012 \$	2011 Restated \$
<b>Income</b>		
Interest income from loans	16,283,112	18,668,108
Interest income from investments	1,104,982	1,039,931
Interest income from short-term deposits	846,368	594,531
<b>Total interest income</b>	<b>18,234,462</b>	<b>20,302,570</b>
Finance costs	(9,213,911)	(9,596,852)
Net interest income	9,020,551	10,705,718
Net lease rental income	4,125,497	4,379,462
Other income	2,722,277	2,783,928
<b>Net interest and other income</b>	<b>15,868,325</b>	<b>17,869,108</b>
General and administrative expenses	(11,029,162)	(10,368,366)
<b>Income before impairment losses on loans and taxation</b>	<b>4,839,163</b>	<b>7,500,742</b>
Impairment losses on loans	(12,837,614)	(8,149,366)
<b>Loss before taxation</b>	<b>(7,998,451)</b>	<b>(648,624)</b>
Tax credit	1,969,918	184,275
<b>Net loss for the year</b>	<b>(6,028,533)</b>	<b>(464,349)</b>
<b>Other comprehensive loss</b>		
Revaluation of land and buildings	160,120	(160,120)
<b>Other comprehensive income (loss) for the year, net of tax</b>	<b>160,120</b>	<b>(160,120)</b>
<b>Total comprehensive income (loss) for the year, net of tax</b>	<b>(5,868,413)</b>	<b>(624,469)</b>

**Statement of Cash Flows**

 Year ended December 31, 2012  
 (Expressed in Barbados Dollars)

	2012 \$	Restated 2011 \$
<b>Cash flows from operating activities</b>		
Loss before taxation	(7,998,451)	(648,624)
Adjustments for:		
Impairment losses on loans and investments	13,532,032	8,149,366
Impairment on inventory	575,615	574,971
Impairment of property, equipment and leased assets	-	39,556
Depreciation	12,520,166	12,492,495
Interest income from investments	(1,104,982)	(1,039,931)
Gain on disposal of property, equipment and leased assets	(1,063,096)	(1,151,447)
Employee benefits	(212,847)	(203,013)
Operating income before working capital changes	16,248,437	18,213,373
(Increase) decrease in loans and other receivables	(704,853)	2,707,079
Decrease (increase) in cash reserves held at Central Bank	135,046	(704,937)
Decrease in cash held as Administrative Agent	2,791,363	21,409,967
Increase (decrease) in inventories	(710,458)	1,350,105
Increase in due from parent and fellow subsidiaries	(178,153)	(12,626,722)
Increase in accounts payable and accrued liabilities	7,386,589	650,916
Decrease in other liability	(2,791,363)	(21,409,967)
Decrease increase in due to fellow subsidiaries	(630,449)	(1,939,183)
Increase in fixed deposits and accrued interest	3,178,733	5,113,172
Cash from operations	24,724,892	12,763,803
Corporation tax paid	(98,804)	(1,705,770)
Interest income received	1,004,349	1,039,931
Withholding tax paid	(125,008)	(56,437)
Net cash from operating activities	25,505,429	12,041,527
<b>Cash flows used in investing activities</b>		
Purchase of property, equipment and leased assets	(26,432,159)	(19,871,645)
Purchase of investments	-	(10,005,618)
Proceeds from disposal/maturities of investments	567,455	9,704,542
Proceeds from disposal of property, equipment and leased assets	11,049,464	9,124,431
Net cash used in investing activities	(14,815,240)	(11,048,290)
<b>Net increase in cash and cash equivalents</b>	<b>10,690,189</b>	<b>993,237</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>12,883,328</b>	<b>11,890,091</b>
<b>Cash and cash equivalents – end of year</b>	<b>23,573,517</b>	<b>12,883,328</b>

**Statement of Changes in Equity**

 Year ended December 31, 2012  
 (Expressed in Barbados Dollars)

	Stated capital \$	Capital reserve \$	General reserve \$	Revaluation reserve \$	Retained earnings \$	Total \$
<b>Balance at January 1, 2011</b>	10,000,000	10,000,000	232,606	614,992	33,043,464	53,891,062
Prior period adjustment	-	-	-	-	(1,858,651)	(1,858,651)
<b>Balance at January 1, 2011, restated</b>	10,000,000	10,000,000	232,606	614,992	31,184,813	52,032,411
Total comprehensive loss for the year	-	-	-	(160,120)	(464,349)	(624,469)
<b>Balance as at December 31, 2011</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>232,606</b>	<b>454,872</b>	<b>30,720,464</b>	<b>51,407,942</b>
<b>Balance as at January 1, 2012 as previously reported</b>	10,000,000	10,000,000	232,606	454,872	32,569,520	53,256,998
Prior period adjustment	-	-	-	-	(1,849,056)	(1,849,056)
<b>Balance as at January 1, 2012, restated</b>	10,000,000	10,000,000	232,606	454,872	30,720,464	51,407,942
Total comprehensive loss for the year	-	-	-	160,120	(6,028,533)	(5,868,413)
<b>Balance at December 31, 2012</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>232,606</b>	<b>614,992</b>	<b>24,691,931</b>	<b>45,539,529</b>

**Board of Directors**

 Mr. Chip Sa Gomes – Chairman | Mr. Stephen Edghill | Mr. Jeff Gellineau | Mr. Gregory Hill  
 Mrs. Monica Hinds | Mr. Nicholas Mouttet | Mr. Rolf Phillips  
 Corporate Secretary Ms. Lydia McCollin