

Chairman's Report

Consolidated Finance Co. Limited (the Company) completed the year ended December 31st 2015 with a before tax loss of \$3.4 million compared to a profit before tax of \$5.7 million in 2014.

The Company performed well on its core asset finance products and foreign exchange business. Operating income consisting of net interest income, net lease rental income, fees and foreign exchange income was \$13.5 million in 2015 and 2014. Revenue from foreign exchange grew significantly in 2015.

General and Administration Expenses were \$1.2 million higher than 2014. The main contributor to the increase was the tax on assets introduced in 2015.

Impairment on loans was \$8.0 million in 2015 compared to \$77k in 2014 due to a substantial increase in provisions on our merchant bank commercial loan portfolio. The much higher impairment in 2015 caused the operating loss.

Our capital base as at December 31st 2015 remained strong at \$49.2 million and our capital adequacy ratio at 22% remained well above the regulatory requirement of 8%.

We are still finalizing approvals for the acquisition of the Company by Ansa Merchant Bank and are expecting to have the transaction completed in 2016.

We continue to focus on excellent service delivery and sincerely thank our loyal customers for their continued support.

I express my thanks and appreciation to my fellow Directors on the Board and acknowledge the hard work and commitment of the management and staff.



Chip Sa Gomes
Chairman of the Board of Directors
February 19th, 2016



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 2015, and the summarized statement of comprehensive (loss) 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 2015. We expressed an unmodified audit opinion on those financial statements in our report dated 19 February 2016. 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 of Consolidated Finance Co. Limited.

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.

Auditor's 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 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summarized financial statements derived from the audited financial statements of Consolidated Finance Co. Limited for the year ended 31 December 2015 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
19 February 2016

Summarized Statement of Financial Position

As at December 31, 2015
(Expressed in Barbados Dollars)

	2015 \$	2014 \$
Assets		
Cash at bank and balances with Central Bank	25,234,939	23,889,599
Loans and other receivables	132,710,859	134,038,853
Investment securities	23,601,645	18,590,608
Due from parent and fellow subsidiaries	10,592,128	11,820,626
Corporation tax recoverable	558,505	632,731
Inventories	622,040	489,359
Property and equipment	2,103,968	2,165,382
Leased assets	43,147,471	45,785,822
Deferred tax asset	1,011,081	603,707
Employee benefit asset	1,945,253	1,585,253
Total assets	241,527,889	239,601,940
Liabilities		
Accounts payable and accrued liabilities	7,017,507	13,482,370
Due to fellow subsidiaries	152,805	57,947
Customers' deposits and accrued interest	177,491,026	166,433,808
Deferred tax liability	7,536,357	7,900,586
Employee benefit liability	143,000	130,000
Total liabilities	192,340,695	188,004,711
Shareholder's equity		
Stated capital	10,000,000	10,000,000
Reserves	11,004,859	10,707,109
Retained earnings	28,182,335	30,890,120
Total shareholder's equity	49,187,194	51,597,229
Total liabilities and shareholder's equity	241,527,889	239,601,940

Approved by the Board of Directors on February 19, 2016 and signed on its behalf by:



N.V. Mouttet



R.K Phillips

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 (loss) 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 2015 which are prepared in accordance with International Financial Reporting Standards.

Summarized Statement of Comprehensive (Loss) Income

Year ended December 31, 2015

(Expressed in Barbados Dollars)

	2015 \$	2014 \$
Income		
Interest income from loans	12,745,618	13,368,951
Interest income from investments	1,730,736	1,857,510
Total interest income	14,476,354	15,226,461
Finance costs	(7,087,927)	(7,596,260)
Net interest income	7,388,427	7,630,201
Net lease rental income	3,760,382	4,152,019
Other income	2,373,393	1,714,096
Net interest and other income	13,522,202	13,496,316
General and administrative expenses	(8,881,414)	(7,719,453)
Income before impairment losses on loans and taxation	4,640,788	5,776,863
Impairment losses on loans	(7,992,426)	(77,567)
(Loss) income before taxation	(3,351,638)	5,699,296
Tax credit (charge)	814,103	(1,469,517)
Net (loss) income for the year	(2,537,535)	4,229,779
Other comprehensive income (loss) not to be reclassified to profit and loss in subsequent periods:		
Revaluation of land and buildings	-	29,760
Re-measurement gain (loss) on post retirement plans	127,500	(102,750)
Other comprehensive income (loss) for the year, net of tax	127,500	(72,990)
Total comprehensive (loss) income for the year, net of tax	(2,410,035)	4,156,789

Summarized Statement of Cash Flows

Year ended December 31, 2015

(Expressed in Barbados Dollars)

	2015 \$	2014 \$
Cashflows from operating activities		
(Loss) income before taxation	(3,351,638)	5,699,296
Adjustments for:		
Impairment losses on loans	7,992,426	77,567
Reversal of impairment on investments	-	(307,163)
Impairment on inventory	171,462	(13,443)
Depreciation	11,001,607	11,556,718
Interest income from investments	(1,730,736)	(1,857,510)
Gain on disposal of property, equipment and leased assets	(1,369,998)	(990,719)
Employee benefits	(177,000)	(174,000)
Changes in operating assets and liabilities	12,536,123	13,990,746
Increase in loans and other receivables	(6,664,432)	(1,455,490)
Increase in cash reserves held at Central Bank	(111)	(110,622)
(Increase) decrease in inventories	(304,143)	175,107
Decrease in due from parent and fellow subsidiaries	1,228,498	826,858
(Decrease) increase in accounts payable and accrued liabilities	(6,464,863)	1,731,040
Increase (decrease) in due to fellow subsidiaries	94,858	(43,027)
Increase (decrease) in customers' deposits and accrued interest	11,057,218	(22,813,332)
Net cash from (used in) operating activities	11,483,148	(7,698,720)
Interest income received from investments	1,577,526	1,633,213
Withholding tax received (paid)	74,224	(120,288)
Net cash from (used in) operating activities	13,134,898	(6,185,795)
Net cash flows used in investing activities		
Purchase of property, equipment and leased assets	(15,199,352)	(11,233,842)
Proceeds from disposal of property, equipment and leased assets	8,267,508	7,183,395
Purchase of investments	(9,828,000)	(3,000,000)
Proceeds from disposal / maturities of investments	4,970,175	922,033
Net cash used in investing activities	(11,789,669)	(6,128,414)
Net increase (decrease) in cash and cash equivalents	1,345,229	(12,314,209)
Cash and cash equivalents – beginning of year	17,181,832	29,496,041
Cash and cash equivalents –end of year	18,527,061	17,181,832

Summarized Statement of Changes in Equity

Year ended December 31, 2015

(Expressed in Barbados Dollars)

	Stated capital \$	Reserves \$	Retained earnings \$	Total \$
Balance as at 1 January 2014	10,000,000	10,780,099	26,660,341	47,440,440
Total comprehensive income for the year	-	(72,990)	4,229,779	4,156,789
Balance at December 31, 2014	10,000,000	10,707,109	30,890,120	51,597,229
Transfer to reserves	-	170,250	(170,250)	-
Total comprehensive loss for the year	-	127,500	(2,537,535)	(2,410,035)
Balance at December 31, 2015	10,000,000	11,004,859	28,182,335	49,187,194

Board of Directors

Mr. Chip Sa Gomes – Chairman | Mr. S. R. Edghill | Mr. J. W. Gellineau, FCA | Mr. T. D. Gittens, Q.C. | Mr. G. N. Hill, MBA, FCCA | Mr. N. V. Mouttet | Mr. R. K. Phillips

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