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FINANCIAL PERFORMANCE

The fiscal year 2018, would be best characterized by business strategies designed for the continuation of future earnings growth for the group.

CHAIRMAN'S REPORT

DEAR SHAREHOLDER,

Financial Performance

The fiscal year 2018, would be best characterized as a cleanup of Benchmark's longstanding client accounts, coupled with additional capital allocation and business strategies designed for the continuation of future earnings growth for the Group. The Group earnings performance was below budget due to a slowing of commissions generated from trading through our broker dealer Benchmark Advisors and the cost associated with the creation of our newest addition to the Group, Benchmark Ventures. However, the performance of our administrative broker dealer, Alliance Investment Management (Alliance) and Benchmark Properties (Properties), cushioned the degree of our loss for the period. This year's performance was not only impacted by the slowing in our trading commission revenue, but also the Net Unrealized Loss on investments, provisions for impairment of financial assets IFRS9 and the startup cost for the Group's newest investment, Benchmark Ventures (Ventures).

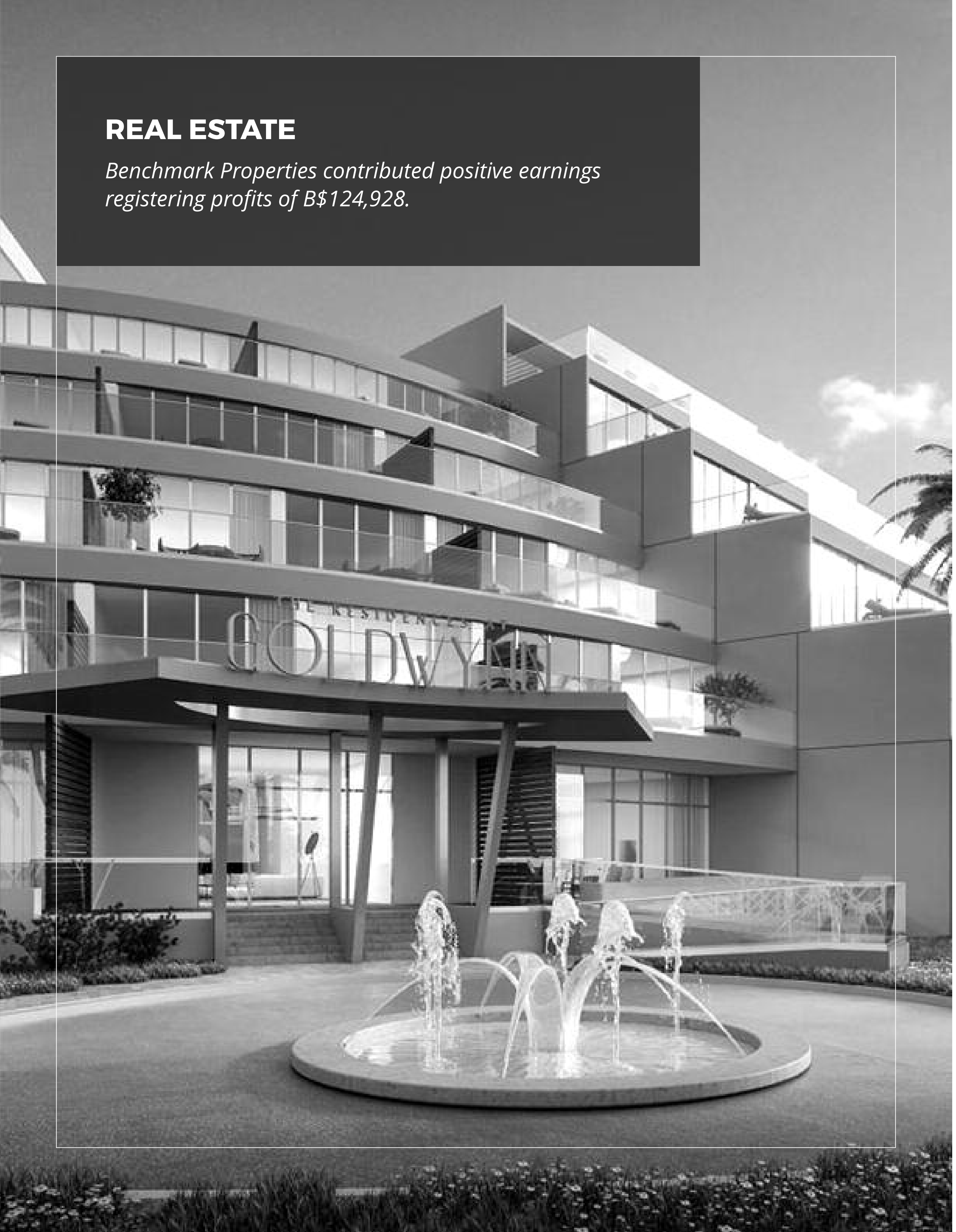
During the year, your Board of Directors approved the restructuring of the Company which resulted in the shifting of all operating processes and assets from Benchmark (Bahamas) Limited into one of its wholly-owned subsidiaries. The subsidiaries' contributing positive earnings performance during the period were Alliance and Properties, registering profits of B$377,730 and B$124,928 respectively. Ventures and Advisors lagged in earnings performance resulting in losses of B$(497,781) and B$(408,308). For the fiscal year end 31 December 2018, the Group's consolidated Net Comprehensive Loss was B$(776,900).

Real Estate

During the fiscal year, Benchmark Investment Board approved an initial investment, with a total deposit of B$70,000, to secure a single bedroom unit in the Goldwynn Development project on Cable Beach. Also, an additional unit at the Carmichael Commercial Centre was rented with a five-year lease. There are now two units remaining for lease in the complex representing approximately 2,000 square feet. The occupancy level of the property is at 88%. The two anchor tenants on the property will be up for renegotiation of their third five-year term leases in June 2020.

Broker Dealers

Following the completion of Benchmark's corporate restructure during 2019, two Class 1 Broker Dealers will emerge. Advisors license as a Class 1 Broker Dealer by the Securities Commission of The Bahamas and



REAL ESTATE

Benchmark Properties contributed positive earnings registering profits of B$124,928.

approved as a Broker Dealer on The Bahamas International Securities Exchange. It will provide trading execution services for all international and domestic securities transactions for Alliance and the Benchmark Group. Alliance is also licensed as a Class 1 Broker Dealer in the Benchmark Group. As the administrative broker for the Group, it is charged with the responsibility of opening new client relationships for international or domestic clients of the Benchmark Group, providing client statements, securities buy/sell orders placement and conformity with all regulatory compliance standards international and domestic.

Investment Portfolio

Our investment portfolio during 2018 did not produce positive returns as it did in 2017. Net Realized and Unrealized (Loss)/Gain on Investments was B$(272,026). We appreciate and accept that this area of our business is difficult to forecast and is subject to volatility. However, we are confident that our investment portfolio will produce positive earnings growth over the long term.

Domestically, the Bahamian economy appears to be emerging from its economic doldrums as fiscal performance is beginning to show signs of heading in the right direction. The United States economy during 2018 grew above its forecasted Gross Domestic Product (GDP) rate and is expected to continue this trend during 2019. These positive trends and outcomes suggest that The Bahamas should continue to experience stronger economic performance during 2019. The Bahamas Financial Services Industry continues to experience change and we are monitoring developments closely.

For the fiscal year ending 31 December 2018, Benchmark (Bahamas) Ltd. Consolidated Net Assets stood at B$11,191,353.

Julian R. Brown | Chairman
24 April 2019

BROKER DEALERS

Following the completion of Benchmark's corporate restructure during 2019, two Class 1 Broker Dealers will emerge.

BOARD of DIRECTORS

JULIAN RENAUD BROWN
Chairman of the Board and President

GEORGE CLIFFORD CULMER
Director and Member of the Investment Advisory Board

IDRIS GEORGE REID
Director

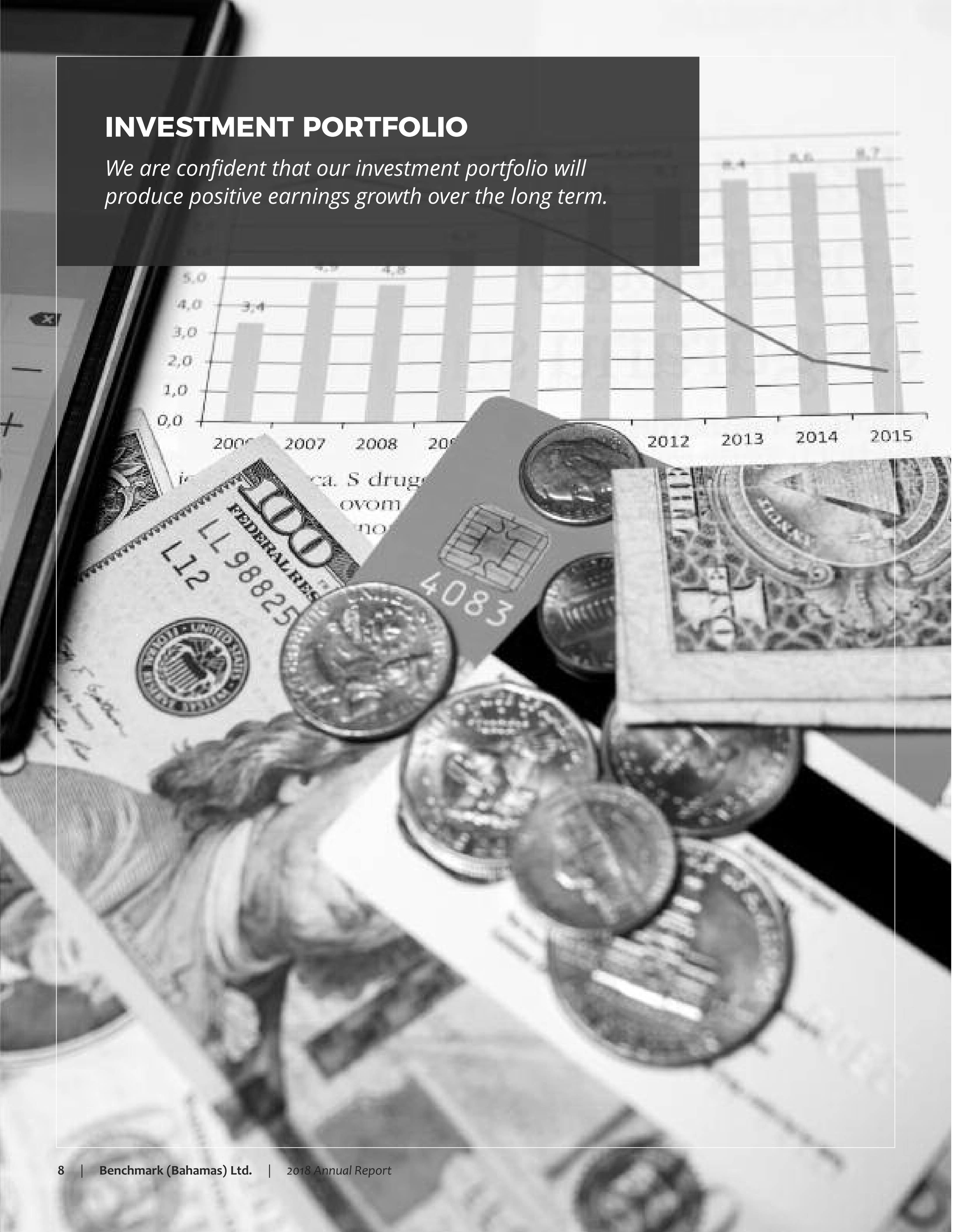
RUTH BOWE-DARVILLE
Director

RENEE SAUNDERS-FORSYTHE
Director

BRENT ROBERTS
Secretary

INVESTMENT PORTFOLIO

We are confident that our investment portfolio will produce positive earnings growth over the long term.



FINANCIAL HIGHLIGHTS

	2014	2015	2016	2017	2018
Net Income / (Loss)	$(459,867)	$307,415	$2,079,892	$6,973,283	$(504,874)
Net Comprehensive Income / (Loss)	$(786,038)	$(296,341)	$3,096,365	$8,172,823	$(776,900)
Income	$1,197,757	$1,659,079	$3,812,936	$9,010,240	$1,521,831
Expenses	$1,657,624	$1,309,974	$1,733,044	$2,036,957	$2,026,705
Current Assets	$11,677,766	$8,022,900	$9,864,013	$19,631,219	$12,836,396
Investments in Securities	$8,161,810	$3,035,410	$3,345,988	$4,289,447	$3,978,300
Investment Property	$4,511,160	$4,511,160	$4,557,560	$5,022,393	$5,022,393
Current Liabilities	$14,280,889	$11,006,896	$10,337,213	$12,447,289	$6,953,495
Non-Current Liabilities	$431,175	$348,112	$ –	$208,540	$171,723
Shareholders Equity	$1,494,258	$1,197,917	$4,294,282	$12,467,105	$11,191,353
Return on Asset	– 6.73%	– 3.69%	31.39%	41.63%	– 6.05%
Return on Equity	– 52.60%	– 24.74%	72.10%	65.56%	– 6.94%
Share Price	$0.12	$0.12	$0.12	$0.16	$0.56
Earnings Per Share	$(0.16)	$(0.06)	$0.62	$1.65	$(0.16)
Book Value Per Share	$0.30	$0.24	$0.87	$2.51	$2.26

INDEPENDENT AUDITORS' REPORT

PKF
Chartered Accountants

To the Shareholders of
Benchmark (Bahamas) Ltd.

Opinion

We have audited the accompanying consolidated financial statements of **Benchmark (Bahamas) Ltd.**, which comprise the consolidated statement of financial position as at **December 31, 2018**, and the consolidated statements of comprehensive (loss)/ income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Benchmark (Bahamas) Ltd.** as at **December 31, 2018** and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Commonwealth of The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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PKF I 26 Elizabeth Avenue I Pannell House I P. O. Box N 8335
Nassau I New Providence I The Bahamas

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the accumulated losses of a subsidiary at the end of the year, and the guarantee provided by Benchmark (Bahamas) Ltd. to make funds available for the subsidiary to continue operating as a going concern, and to meet its present and future obligations as they become due.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Revenue Recognition and Accuracy

On the basis of our past experiences with respect to the accuracy of recording the transactions of a subsidiary's clients on both the clients subsidiary ledger and the general ledger, we assessed that there is a higher risk of material misstatement on this area which would affect the recognition of revenue during the year. This required significant auditor's attention.

Our audit procedures to address the risk of material misstatement relating to the accuracy of revenue recognition, which we considered to be a significant risk included:

- Testing of controls, relating to, inter alia, manual input of individual trading fees and pricing, the reconciliations of bank accounts, brokers and clients' accounts, and conversion of foreign currency denominated transactions.
- Substantive testing of revenue transactions, including validation of the revenue recognized as compared to the relevant agreements with clients.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is William R. Wallace.

April 29, 2019
Nassau, Bahamas

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT of FINANCIAL POSITION

DECEMBER 31, 2018

(Expressed in Bahamian Dollars)

	Notes	2018	2017 As restated	2016 As restated
NON-CURRENT ASSETS				
Property, plant & equipment	11	214,032	219,322	209,922
Intangible asset	12	243,750	250,000	–
Investment property	13	5,022,393	5,022,393	4,557,560
		5,480,175	**5,491,715**	**4,767,482**
CURRENT ASSETS				
Cash at bank	6	4,729,235	9,789,195	4,092,992
Due from brokers	6	739,560	4,723,754	1,589,743
Investments in securities	9	3,978,300	4,289,447	3,345,988
Customer advances (net)	7	2,196,813	346,218	120,728
Other receivables and prepayments		1,192,488	82,935	314,892
		12,836,396	**19,231,549**	**9,464,343**
CURRENT LIABILITIES				
Bank overdraft	14	485,018	2,769	99,270
Accounts payable and accrued expenses	10	931,038	752,919	1,024,112
Due to customers	7	5,325,393	11,486,585	9,033,831
Bank loan – current	14	32,046	25,016	–
Loan from parent company	14	180,000	180,000	180,000
		6,953,495	**12,447,289**	**10,337,213**
NET CURRENT ASSETS/(LIABILITIES)		**5,882,901**	**6,784,260**	**(872,870)**
NON-CURRENT LIABILITIES				
Bank loan – non-current	14	171,723	208,540	–
		171,723	**208,540**	**–**
NET ASSETS		**$ 11,191,353**	**$ 12,067,435**	**$ 3,894,612**
EQUITY (Page 7)		**$ 11,191,353**	**$ 12,067,435**	**$ 3,894,612**

The consolidated financial statements were approved and authorized to be issued on April 29, 2019 by the Board of Directors, and signed on its behalf by:

Director

Director

The accompanying notes form an integral part of these consolidated financial statements.

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT of COMPREHENSIVE (LOSS)/INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

(Expressed in Bahamian Dollars)

	Notes	2018	2017
REVENUE			
Commission		241,454	5,995,805
Portfolio management and advisory fees		751,294	2,557,089
Dividends		106,333	98,595
Interest		12,445	12,346
Consultancy and management services		8,000	–
Administrative and maintenance services		15,000	–
Rental income		387,305	346,405
		1,521,831	**9,010,240**
EXPENSES			
Salaries and benefits		953,047	793,717
Travel and entertainment		72,376	27,099
Investment advisor fee		100,000	100,000
Bank charges and interest		64,872	49,029
Commission		8,177	–
Property management fee		25,000	25,000
Liability insurance		9,538	14,733
Property insurance		17,941	24,622
Professional fees		134,373	134,190
Depreciation and amortization	11,12	79,256	61,876
Directors' and officers' fees		42,250	41,435
Computer repairs and maintenance		29,940	–
Cleaning, repairs and maintenance		127,584	98,408
Utilities		41,966	35,460
Corporate management fees	18	9,300	40,360
Printing and stationery		36,961	34,574
Bad debts provision	8	–	244,492
Public relations		15,945	65,429
Registrar Commission license fees		15,225	12,138
Business licence fees		71,980	33,462
Real property tax		38,051	41,097
Securities Commission licence fees		49,233	20,550
Bahamas International Securities Exchange listing fees		5,000	5,375
Security		–	10,800
Trading system cost		23,729	19,340
Court settlement fees	20	–	50,000
Miscellaneous		54,961	53,771
		2,026,705	**2,036,957**
OPERATING (EXPENSE)/INCOME		**(504,874)**	**6,973,283**
Other (losses)/income:			
Net realized (loss)/gain on investments		(11,810)	50,421
Net unrealized (loss)/gain on investments		(266,071)	1,147,119
Other income		5,855	2,000
		(272,026)	**1,199,540**
NET COMPREHENSIVE (LOSS)/INCOME		**$ (776,900)**	**$ 8,172,823**
Net comprehensive (loss)/income per share	**19**	**$ (0.16)**	**$ 1.65**

The accompanying notes form an integral part of these consolidated financial statements.

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT of CHANGES IN EQUITY

DECEMBER 31, 2018

(Expressed in Bahamian Dollars)

	(Note 15) Ordinary Shares	(Note 15) Preference Shares	Contributed Surplus	Accumulated Fund/(Deficit)	Total
Balance at January 1, 2017, as previously stated	49,591	5,000,000	4,056,273	(4,811,582)	4,294,282
Effects of change in accounting policy (Note 2)	–	–	–	(399,670)	(399,670)
Balance at January 1, 2017, as restated	**49,591**	**5,000,000**	**4,056,273**	**(5,211,252)**	**3,894,612**
Net comprehensive income (Page 15)	–	–	–	8,172,823	8,172,823
Balance at December 31, 2017	**49,591**	**5,000,000**	**4,056,273**	**2,961,571**	**12,067,435**
Dividends paid	**–**	**–**	**–**	**(99,182)**	**(99,182)**
Net comprehensive loss (Page 15)	–	–	–	(776,900)	(776,900)
Balance at December 31, 2018	**$49,591**	**$5,000,000**	**$4,056,273**	**$2,085,489**	**$11,191,353**

The accompanying notes form an integral part of these consolidated financial statements.

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT of CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

(Expressed in Bahamian Dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net comprehensive (loss)/income		**(776,900)**	**8,172,823**
ADJUSTMENTS FOR:			
Net unrealized (loss)/gain on investments in securities		266,071	(1,147,119)
Net realized (loss)/gain on investments in securities		11,810	(50,421)
Bad debts provision	8	–	244,492
Amortization	12	6,250	–
Depreciation	11	73,006	61,876
Net Cash (Used in)/Provided by Operations before Changes in Operating Assets and Liabilities		**(419,763)**	**7,281,651**
Increase in customer advances (net)		(1,850,595)	(225,490)
Increase in other receivables and prepayments		(1,109,553)	(12,535)
Increase/(decrease) in accounts payable and accrued expenses		178,119	(271,193)
(Decrease)/increase in due to customers		(6,161,192)	2,452,754
Net Cash (Used in)/Provided by Operating Activities		**(9,362,984)**	**9,225,187**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of securities		(105,963)	(139,753)
Proceeds from sale of securities		139,229	393,834
Purchase of property, plant & equipment	11	(67,716)	(71,276)
Purchase of intangible asset	12	–	(250,000)
Additions to investment property	13	–	(464,833)
Net Cash Used in Investing Activities		**(34,450)**	**(532,028)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from loan	14(b)	–	250,000
Dividends paid		(99,182)	–
Bank loan – repayments	14(b)	(29,787)	(16,444)
Net Cash (Used)/Provided by in Financing Activities		**(128,969)**	**233,556**
NET (DECREASE)/INCREASE IN CASH		**(9,526,403)**	**8,926,715**
Cash, beginning of year		14,510,180	5,583,465
Cash, end of year		**$ 4,983,777**	**$ 14,510,180**
Cash is comprised of:			
Cash at bank		4,729,235	9,789,195
Due from brokers		739,560	4,723,754
Bank overdraft	14(a)	(485,018)	(2,769)
		$ 4,983,777	**$ 14,510,180**

The accompanying notes form an integral part of these consolidated financial statements.

BENCHMARK (BAHAMAS) LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. ORGANIZATION

Benchmark (Bahamas) Ltd. (the Company) was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on December 30, 1997 under the Companies Act 1992. The Company functions as a public investment company and is listed on The Bahamas International Securities Exchange ("BISX"). Its primary objective is to provide a competitive return to shareholders by emphasizing a diversity of domestic instruments for capital preservation, steady income flow and the opportunity for capital appreciation.

The Company is 47.1% owned (2016: 47.1%) by Braun & Cie Ltd., a Bahamian company incorporated primarily to hold its investment in the Company and to provide management and advisory services to the Company. The remainder of the shares are held by members of the public.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Benchmark Advisors (Bahamas) Ltd. (Advisors), Alliance Investment Management Ltd. (Alliance), Benchmark Properties (Bahamas) Ltd. (Properties) and Bahamas Ventures Limited (Ventures), collectively "The Group," which are incorporated under the laws of the Commonwealth of The Bahamas.

Advisors was incorporated on February 26, 2001 to provide investment advice, strategic management planning and capital market services.

Effective November 30, 2001, the Company acquired the entire net assets of Alliance, a company operating as a securities investment advisor, broker-dealer and consultant for non-resident companies and individuals conducting business within The Bahamas.

The financial statements of Alliance have been prepared on the basis that it will continue as a going concern. Its statement of changes in equity shows accumulated deficit as at December 31, 2018, resulting from losses accumulated in prior years. Although Alliance has had history of profitable operations in the most recent years, the Company has provided a guarantee to Alliance to make sufficient funds available to enable it to meet its present and future obligations for a period including, but not limited to 12 months from the date its financial statements were approved by the Board of Directors.

Properties was incorporated on July 30, 2006 to provide rental of office space. Construction of the first investment property was completed in 2010, and is yielding rental income.

Ventures was incorporated on August 22, 2017. Its primary objective is to assist small business ventures with start-up and expansion capital.

The address of the registered office of the Group is Gresham House, Charlotte Street South, Nassau, Bahamas and its principal place of business is Suite 201, Carmichael Commercial Centre, Carmichael Road, Nassau, Bahamas.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The new and revised IFRSs prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions; otherwise, the adoption is accounted for as change in accounting policy under IAS 8: “Accounting Policies, Changes in Accounting Estimates and Errors”.

2.1 New and revised IFRSs applied for the first time in 2018

The following new and revised standards have been adopted in the current year. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years, except when specifically disclosed, but may affect the accounting for future transactions or arrangements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) *(continued)*

2.1 New and revised IFRSs applied for the first time in 2018 *(continued)*

A. IFRS 9 Financial instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after January 1, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. However, the Company has elected to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

i. The classification and measurement of financial assets and financial liabilities,
ii. Impairment of financial assets, and
iii. General hedge accounting.

Details of these new requirements as well as their impact on the Company’s consolidated financial statements are described below.

The Company has applied IFRS 9 in accordance with its transition provisions.

(a) Classification and measurement of financial assets

The effective date of initial application is January 1, 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognized as at January 1, 2018 and has not applied the requirements to instruments that have already been derecognized as at January 1, 2018. Comparative amounts in relation to instruments that continue to be recognised as at January 1, 2018 have been restated, where appropriate.

All recognized financial assets that are within the scope of IFRS 9 are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL) on the basis of both the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Details of the new classification and measurement of financial assets are described in Note 4.

Upon the initial application of IFRS 9, management reviewed the nature and circumstances of all of its financial assets existing at January 1, 2018 to assess the impact of the new standard on the classification and measurement of the Company's financial assets.

The Company has a limited type of financial assets. Thus, the new classification and measurement did not have a material effect on how those assets were previously carried in the consolidated financial statements as described below:

i. There is no change in the measurement of the Company's investment in securities held for trading. It will continue to be classified and measured at FVTPL.

ii. Financial assets that were previously classified as loans and receivables and measured at amortized cost under IAS 39, such as customer advances, due from related parties and other receivables, will continue to be measured at amortized cost under the new classification; financial assets at amortized cost.

The reclassification of the Company's financial assets in accordance with the new IFRS 9 have had no impact in the Company's financial position, profit or loss, other comprehensive income, and retained earnings in current and prior years.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) *(continued)*

2.1 New and revised IFRSs applied for the first time in 2018 *(continued)*

A. IFRS 9 Financial instruments (continued)

(b) Classification and measurement of financial liabilities

IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

(c) Impairment of financial assets

Under the new IFRS 9, the Company shall recognize a loss allowance for expected credit losses on its financial assets as opposed to an incurred credit losses under IAS 39. This new expected credit loss (ECL) model requires that at each reporting date, the Company shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses, if the credit risk on that financial instrument has increased significantly since initial recognition.

In particular, the Company is required to provide for a loss allowance on its financial assets such as cash at bank, due from brokers, customer advances, due from related parties, and other receivables. Further details on the Company's policy on impairment of financial assets are described in Note 3.

The Company elected to apply the impairment requirements of IFRS 9 retrospectively. To determine whether there has been a significant increase in credit risk since initial recognition of the financial instruments that remain recognized on the date of initial application of IFRS 9, which is January 1, 2018, the directors compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at January 1, 2017. The assessment is as follows:

Financial Instr. subject to impairment	Note	Credit risk attributes at 1/1/17 and 1/1/18	Additional loss recognized 1/1/2018	Additional loss recognized 1/1/2017
Cash at bank		Assessed with low credit risk as cash is deposited to banks with credit rating of B and credit–worthy brokers with positive reputation	–	–
Due from brokers			–	–
Customer advances		The Company applies the simplified approach and recognized lifetime ECL with consideration given to collateral securities held	–	399,670
Other receivables		Balance is minimal and staff loans are deducted from salaries	–	–
			$ –	$ 399,670

The additional credit loss allowance of $Nil as at January 1, 2018 and $399,670 as at January 1, 2017 has been recognized against retained earnings on the respective dates.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) *(continued)*

2.1 New and revised IFRSs applied for the first time in 2018 *(continued)*

A. IFRS 9 Financial instruments (continued)

(d) Disclosures in relation to the initial application of IFRS 9

The Company had no financial instruments that have been reclassified as a result of the transition to IFRS 9. There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

All of the Company's financial instruments that were measured at fair value under IAS 39 remains to be measured at fair value under IFRS 9. Similarly, all financial instruments that were classified as loans and receivables and measured at amortized cost under the previous standard will continue to be measured at amortized cost at the date of initial application of IFRS 9.

(e) Impact of initial application of IFRS 9 on the consolidated financial statements

The following tables below show the amount of adjustment for each financial statement line item affected as a result of the transition to IFRS 9:

Impact on assets, liabilities and equity as at January 1, 2017

	As previously reported	IFRS 9 adjustment	As restated
Customer advances	520,398	(399,670)	120,728
Total effect on net assets		**$ (399,670)**	
Retained earnings	4,294,282	(399,670)	3,894,612
Total effect on equity		**$ (399,670)**	

B. IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers, which is effective for an annual period beginning on or after January 1, 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. Details of the Company's accounting policies in accordance with the new requirements of IFRS 15 are described in the policy note for revenue (Note 3).

Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the Company's consolidated financial statements.

2.2 New and revised IFRSs in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

A. IFRS 16 Leases

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for years commencing on or after January 1, 2019.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) *(continued)*

2.2 New and revised IFRSs in issue but not yet effective *(continued)*

A. IFRS 16 Leases *(continued)*

The Company is still in the process of evaluating the impact of the above new standards on the consolidated financial statements.

B. Amendments to IAS 1 and IAS 8

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

C. Revised Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements are prepared on a going concern basis and in accordance with applicable International Financial Reporting Standards (IFRS).

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured either at fair value or amortized cost, and investment property measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for assets.

(c) Functional and presentation currency

The consolidated financial statements are presented in Bahamian dollars which is the Company's functional currency.

(d) Principles of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Revenue

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue comprises management fees and commissions on services to external clients. Consideration received from clients is only recognized as revenue to the extent that the Company has performed its contractual obligations in respect of that consideration. Consequently, annual management fees and loan administration fees are recognized as revenue throughout the year or the period of the loan, while commissions are earned on each trade transaction.

Interest is recognised in the period in which interest is earned. The amount of revenue is measured using the effective interest rate method.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease, excluding value-added tax (VAT).

Dividends are recorded on the ex-dividend date.

(b) Expenses

Expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Company. The Company recognizes expenses in the consolidated statement of comprehensive (loss)/income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are accounted for on the accrual basis.

(c) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than the Bahamian dollar are translated into Bahamian dollars at the rate of exchange in effect at the date of the consolidated statement of financial position. Income and expenses transacted in currencies other than Bahamian dollars are translated into Bahamian dollars at the rates of exchange prevailing at the transaction dates.

Unrealized foreign exchange differences arising on translation of assets and liabilities, and realized foreign exchange differences on income and expenses transacted in foreign currencies are both recognized in the consolidated statement of comprehensive (loss)/income.

(d) Property, plant & equipment

Property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in the consolidated statement of comprehensive (loss)/ income on the straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment.

The estimated useful lives of the assets are as follows:

Leasehold improvements	5 years
Furniture, fixtures & equipment	3–5 years
Vehicles	5 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in the consolidated statement of comprehensive (loss)/income.

(e) Investment property

This is comprised of land and buildings held for appreciation or rental. The Company has elected to use the fair value model for subsequent measurement. Appreciation or decrease arising from changes in the fair value of investment property is included in the consolidated statement of comprehensive (loss)/ income for the period in which it arises.

(f) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at the date of each consolidated statement of financial position to determine if there is any indication of impairment. If such indication exists, the asset's

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Impairment of non-financial assets *(continued)*

recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive (loss)/ income. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized in prior years.

Provision for impairment losses is maintained at a level believed to be adequate by management to absorb potential losses.

(g) Net comprehensive (loss)/income per share

Net comprehensive (loss)/income per share is calculated by dividing the net comprehensive (loss)/income by the weighted average number of shares outstanding.

(h) Intangible asset

Intangible assets acquired separately are initially carried at cost. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on the straight-line basis over its maximum 40 years' estimated useful life.

(i) Financial instruments

Recognition and Classification

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. When initially recognized, all financial assets are further grouped as subsequently measured at amortized cost, at fair value through other comprehensive income (FVTOCI), or at fair value through profit or loss (FVTPL), while financial liabilities are classified as subsequently measured at amortized cost or at FVTPL.

Measurement

Financial instruments are initially measured at at fair value (which is usually the cost) plus transaction costs that are directly attributable to the acquisition or issuance of the financial instrument, except for financial assets and liabilities that are classified as at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs.

Subsequent to initial recognition, all recognized financial instruments are measured at either amortized cost or fair value, depending on their respective classification.

Derecognition

Financial instruments are derecognized on the trade date when the Company is no longer a party to the contractual provisions of the instrument.

Financial assets:

All *regular way purchase or sale* of financial assets that are under a contract whose terms require delivery of such within the timeframe established by the market concerned are initially recognized on the trade date. The financial assets are classified as follows:

<u>At Amortized Cost</u>

Financial assets are subsequently measured at amortized cost if the following conditions are met:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets are: *(continued)*

<u>At Amortized Cost</u> *(continued)*

Amortized cost and effective interest method

Amortized cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of effective interest rate.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating finance income over the relevant period. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at amortized cost are:

Cash at bank

For the purpose of the statement of cash flows, cash at bank includes balances which are available for withdrawal on demand.

Due from brokers

The Company maintains brokerage accounts with certain brokers locally and internationally. Due from brokers account in the consolidated statement of financial position consists both client and Company's funds that are either deposited for future transactions or resulted from sales proceeds, dividends or other transactions, which remain held at the brokers at the end of the period.

Due from brokers are stated at amortized cost net of allowance for any doubtful accounts. These balances are available for withdrawal on demand.

Customer advances

Customer advances are carried at the principal amount outstanding less any provision for impairment and doubtful debts. A provision for doubtful debts is made when collection of the full amount is considered no longer probable and the estimated value of the underlying collateral is insufficient to cover advances made to the customer. Amounts deemed to be irrecoverable are written off.

Other receivables

Other receivables are stated at amortized cost net of any provision for doubtful debts.

Related party balances

Related parties include all individuals or a close member of that individuals' family, who has the ability to control or exercise significant influence over the Company in making financial and operating decisions or are members of the key management personnel of the Company or its parent. Related parties include its shareholders, directors and key management personnel of the Company.

They also include entities that are members of the same group where the Company is affiliated with and the entities controlled by the individuals identified above.

Related party balances are stated at amortized cost.

<u>At Fair Value Through OCI (FVTOCI)</u>

Financial assets, are subsequently measured at FVTOCI if the following conditions are met:

(i) the financial asset is held within a business model whose objective is is achieved by both collecting contractual cash flows and selling financial assets and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets are: *(continued)*

At Fair Value Through Profit/Loss (FVTPL)

By default, all other financial assets shall be measured at fair value through profit or loss unless it is measured at amortized cost or at FVTOCI above. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Note 24.

Financial assets at FVTPL are:

Investments

Investments are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss subsequently. Investments in equity securities are valued, for listed securities, at the quoted market prices at the end of each year as provided by the relevant stock exchange.

Fair Value Option (FVO)

Equity investments are generally measured at FVTPL. However, the Company has an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. The Company did not apply this option to any of its equity investment at the initial application of IFRS 9.

The Company also has an irrevocable option to designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. The Company did not apply this fair value option to any of its debt instruments.

Impairment of Financial Assets

The Company recognizes a loss allowance for expected credit losses (ECL) on due from brokers account, customer advances, due from related parties, and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company generally recognizes a 12-month ECL on initial recognition of financial assets and thereafter, except where there has been a significant increase in credit risk on an individual or collective basis, then the Company recognizes lifetime ECL. The loss allowance is recognized based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial assets that are deemed irrecoverable, where there is information indicating that the debtor is in severe financial difficulty (e.g. when the debtor is under liquidation or in the case of customer advances and other receivables, when amounts past due for 5 years), are written off.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognizes such impairment gain or loss in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive (loss)/income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the consolidated financial asset in the statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

At Fair Value Through Profit/Loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

At Amortized Cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL, are subsequently classified and measured at amortized cost using the effective interest method.

Financial liabilities are:

Bank overdraft

This is treated and accounted for similar to cash at bank.

Due to customers

This represents funds received from customers, and is carried at amortized cost.

The Company's subsidiary (Alliance) has a legally enforceable right of offset pertaining to all balances relating to a single customer.

Accounts payable and accrued expenses

Accounts payable and accrued expenses are stated at amortized cost. They are recognized on the trade date of the related transactions. This includes loan administration fee income, which is deferred by the Company over the term of the loan being administered on behalf of its clients.

Bank loan and loan from parent company

These loans are stated at amortized cost.

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease – As Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Any balloon payments and rent free periods are taken into account when determining the straight-line charge.

(k) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

5.1 Key sources of estimation uncertainty

a. Provision for doubtful debts (Note 8)

The Company estimates the provision for doubtful debts related to its customer advances, due from brokers, and other receivables based on assessment of specific accounts where the Company has information that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including, but not limited to, the length of relationship with the clients and value of portfolio held on behalf of clients. The Company used judgment to record specific reserves for clients against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated. As at year-end, the balance of provision for doubtful debts amounted to $10,226,932 (2017: $10,704,444).

b. Impairment of non-financial assets

The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of property, plant & equipment and intangible asset, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Company to conclude that property, plant and equipment and intangible assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations. As at year-end, management believes that no impairment loss should be recognized in these consolidated financial statements.

c. Fair valuation of investment property (Note 13)

The Company has adopted the fair value approach in determining the carrying value of its investment properties. While the Company has opted to rely on an independent appraiser to determine the fair value of its investment property, such fair value was determined based on the cost and income approach of such type of property, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Company made different judgments and estimates or utilized different basis for determining fair value. The investment property is valued at $5,022,393 (2017: $5,022,393)

d. Contingencies (Note 20)

The Company is currently involved in liquidation proceedings of a significant former client. Further, this client also holds $5,000,000 non-redeemable preference shares. Estimates of probable costs for the resolution of this on-going liquidation has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the consolidated financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Company's strategies relating to these proceedings.

6. CASH AT BANK AND DUE FROM BROKERS

Cash at bank comprise current accounts bearing interest at rates ranging from $Nil to 0.5% (2017: $Nil to 0.5%) per annum.

For the purpose of the statement of cash flows, cash include cash at bank, due from brokers and bank overdraft.

7. CUSTOMER ADVANCES (NET) AND DUE TO CUSTOMERS

Customer advances (net), as reported on the consolidated statement of financial position, is comprised of the following:

	2018	2017 As Restated	2016 As Restated
Customer advances	12,376,116	10,526,834	10,312,544
Provision for doubtful debts (Note 8)	(10,179,303)	(10,180,616)	(10,191,816)
	$ 2,196,813	**$ 346,218**	**$ 120,728**

Advances made to and received from customers include amounts due on or funds held relating to cash and margin transactions. Advances to customers based on margins are collateralized using securities owned by customers. Such collateral and securities are not reflected in the consolidated statement of financial position, as disclosed in Note 16.

Included in the balance of $5,325,393 (2017: $11,486,585) due to customers, is an amount of $785,180 (2017: $785,180), which relates to funds received on behalf of customers, who are not identified or have not claimed the deposits as at the consolidated financial statements date.

During 2012, voluntary liquidation proceedings supervised by the court were initiated by a significant client of a subsidiary, which were in progress at year-end. According to management and their legal counsel, there are no contingencies for which the subsidiary is liable. At year-end, customer advances and due to customers have been reported net of the amounts relating to the client under liquidation.

8. PROVISION FOR DOUBTFUL DEBTS

The movement in the provision for doubtful debts is as follows:

	2018	2017 As Restated	2016 As Restated
Balance at beginning of year	10,704,444	10,471,151	9,952,024
Provision	–	244,492	655,522
Write–offs	(477,512)	(11,199)	(136,395)
Balance at end of year	**$ 10,226,932**	**$ 10,704,444**	**$ 10,471,151**
Representing:			
Provision for customer advances (Note 7)	10,179,303	10,180,616	10,191,816
Provision for broker accounts	–	20,336	–
Provision for other receivables	47,629	503,492	279,335
Balance at end of year	**$ 10,226,932**	**$ 10,704,444**	**$ 10,471,151**

9. INVESTMENTS IN SECURITIES

Investments in securities comprise publicly traded equities and other investments in the following industries.

	2018		2017	
Industry	**Cost**	**Market Value**	**Cost**	**Market Value**
Biotechnology	1,899	–	1,899	30
Financial services	661,086	3,401,653	756,058	3,743,098
Utilities	78,606	36,383	78,606	35,050
Industrial	967,507	276,378	930,157	259,885
Entertainment	139,661	17,584	139,661	17,584
Insurance	215,305	1,301	215,755	2,226
Wholesale and retail	78,958	80,502	78,958	72,688
Technology	11,580	–	11,580	75
Other	126,346	164,499	140,905	158,811
	$ 2,280,948	**$ 3,978,300**	**$ 2,353,579**	**$ 4,289,447**

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This is comprised of the following:

	2018	2017
Deferred loan administration fee	694,808	438,903
Legal fees payable	–	15,950
Rent deposits	39,718	36,518
Vat payable	12,462	5,729
Accounts payable and accruals	184,050	255,819
	$ 931,038	**$ 752,919**

11. PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment is comprised of the following:

	Office & Leasehold Improvements	Furniture, Fixtures & Equipment	Vehicles	Total
COST				
At January 1, 2017	169,714	328,938	13,688	**512,340**
Additions	24,339	46,937	–	**71,276**
At December 31, 2017	**194,053**	**375,875**	**13,688**	**583,616**
Additions	32,386	35,330	–	**67,716**
At December 31, 2018	**226,439**	**411,205**	**13,688**	**651,332**
ACCUMULATED DEPRECIATION				
At January 1, 2017	5,657	295,240	1,521	**302,418**
Depreciation	33,943	23,370	4,563	**61,876**
At December 31, 2017	**39,600**	**318,610**	**6,084**	**364,294**
Depreciation	36,665	31,778	4,563	**73,006**
At December 31, 2018	**76,265**	**350,388**	**10,647**	**437,300**
NET BOOK VALUE				
At December 31, 2018	**$ 150,174**	**$ 60,817**	**$ 3,041**	**$ 214,032**
NET BOOK VALUE				
At December 31, 2017	**$ 154,453**	**$ 57,265**	**$ 7,604**	**$ 219,322**

12. INTANGIBLE ASSET

The carrying amount of the Company's intangible asset is as follows:

	2018	2017
CARRYING AMOUNT:		
Cost	250,000	250,000
Accumulated amortization	(6,250)	–
	$ 243,750	**$ 250,000**
MOVEMENTS DURING THE YEAR:		
At January 1	250,000	–
Additions	–	250,000
Amortization	(6,250)	–
At December 31	**$ 243,750**	**$ 250,000**

Towards the end of 2017, Ventures, a subsidiary, entered into an agreement with PureWater Systems Ltd. to purchase the administrative software developed by the latter for monitoring and optimization of its day-to-day operations at a cost of $250,000. PureWater is a related party by common ownership and key management.

13. INVESTMENT PROPERTY

The fair value of the investment property is as follows:

	2018	2017
Fair value at January 1	5,022,393	4,557,560
Additions	–	464,833
Fair value at December 31	**$ 5,022,393**	**$ 5,022,393**

In 2017, a subsidiary acquired a 0.41 acre tract of land on Carmichael Road, adjacent to the northern boundary of the existing investment property. Of the total amount of additions to investment property during the year, $214,833 was paid for in cash while the balance is supported by a long term loan of $250,000. A First Demand Legal Mortgage has been registered over this newly-purchased land [See Note 14 (b)].

On December 6, 2012 an independent appraisal of fair value was carried out resulting in an appreciation of $559,987.

The fair value of investment property is determined by an independent professionally qualified appraiser. In determining the valuation, the appraiser used both the cost and income approaches, which referred to the current market conditions and recent sales transactions of similar properties at the time of appraisal.

The amount of property rental income earned by the Company and the direct operating expenses as included in the consolidated statement of comprehensive income are as follows:

	2018	2017
Rental income	387,305	346,405
Direct operating expenses	165,030	153,968

Fair value hierarchy

The fair valuation of investment property is considered to represent a Level 3 valuation based on significant non-observable inputs being the cost and income potential of similar properties.

There were no transfers between Levels 1, 2 or 3 fair values during the year.

14. LOANS AND OVERDRAFT FACILITY

(a) Bank overdraft – Commonwealth Bank Limited

Effective October 1, 2018, a subsidiary of the Company renewed its overdraft facility with Commonwealth Bank Limited in the amount of $500,000, the utilized portion of which bears interest at an annual rate of B$ prime plus 3.50%, an effective rate of 7.75% (2017: 7.75%). At year-end, the subsidiary had pledged equity securities with a market value of $1,288,170 (2017: $786,000) as collateral for both the overdraft facility and the loan disclosed below.

(b) Bank loan – Commonwealth Bank Limited

In 2017, a subsidiary obtained a loan in the amount of $250,000 from Commonwealth Bank Limited to finance the purchase of additional investment property. This loan bears interest at the rate of B$ prime plus 2.75% (variable at the bank's discretion) and is repayable on demand (based on a 7-year amortization schedule) by monthly installments of $3,774 (blended principal and interest). As security, the Company has provided a guarantee bond and a postponement of claim for full liability. In addition, hypothecation of 75,000 Commonwealth Bank Limited's common shares have also been assigned to the bank. The subsidiary also provided a first demand legal mortgage over the newly-purchased investment property, which was partially financed by the same loan (See Note 13).

Reconciliation of liabilities arising from financing activities

	2018	2017
Balance, January 1	233,556	–
Proceeds from loan	–	250,000
Repayments	(29,787)	(16,444)
Balance, December 31	**$ 203,769**	**$ 233,556**

	2018	2017
Current	32,046	25,016
Non-current	171,723	208,540
Balance, December 31	**$ 203,769**	**$ 233,556**

(c) Loan from parent company

During 2013, the Company received a loan in the amount of $180,000 from its parent company (Braun & Cie Ltd.) to liquidate the previous overdraft facility with First Caribbean International Bank. This loan bears interest at the rate of 4% per annum and is repayable on demand. At year-end, the loan remains unpaid and the Company had pledged equity securities with a market value of $675,000 (2017: $735,000) as security.

15. SHARE CAPITAL

(a) Ordinary shares

At December 31, 2018 and 2017, the authorized share capital of the Company was $100,000 divided into 10,000,000 ordinary shares each with a par value of $0.01, of which 4,959,111 shares were issued, outstanding and fully paid, totaling $49,591.

(b) Preference shares

At December 31, 2018, there were $5,000,000 (2017: $5,000,000) non-voting preference shares issued and outstanding. These shares were issued in two tranches: $2,000,000 in 2010, and $3,000,000 in 2011. These shares were issued in lieu of funds due to a customer on whom liquidation proceedings have subsequently commenced. All these shares are redeemable at the discretion of the issuer. Dividend payout on these shares is also at the discretion of the issuer. Consequently, all these shares are reported as equity in the consolidated financial statements.

Notes to Consolidated Financial Statements (continued)

16. ASSETS UNDER ADMINISTRATION

The assets and liabilities of clients under administration in a custodial or nominee capacity are not reflected in these consolidated financial statements, except for those assets and liabilities that relate to the brokerage services provided by a subsidiary. At December 31, 2018 assets under administration totalled approximately $16.45 million (2017: $13.12 million).

17. INVESTMENT ADVISOR FEE

Effective January 1, 2000, Braun & Cie Ltd. was appointed Investment Manager by the Company, and is paid a fee of $100,000 (2017: $100,000), payable in monthly installments beginning January 1, 2001.

Mr. Julian Renaud Brown, a director, is President and Chairman of the Company and is also President of Braun & Cie Ltd.

18. CORPORATE MANAGEMENT FEES

Under an agreement dated January 1, 2001, Mann Judd Corporate Services Ltd., the Corporate Manager of the Company, is paid a fee of $2,000 (2017: $18,275) by the Company. In addition, fees of $1,500 (2017: Nil), $1,800 (2017: $8,385), $3,000 (2017: $3,700) and $1,500 (2017: $10,000) were paid to Mann Judd Corporate Services Ltd., by Ventures, Advisors, Alliance and Properties, respectively. A director of Mann Judd Corporate Services Ltd., is also a director of the Company and Alliance.

19. NET COMPREHENSIVE (LOSS)/INCOME PER SHARE

The calculation of net comprehensive (loss)/income per share is based on the consolidated net comprehensive (loss)/income of ($776,900) (2017: $8,172,823) and on the weighted average number of ordinary shares outstanding during the year of 4,959,111 (2017: 4,959,111).

20. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Liquidation of a significant client

During 2012, a subsidiary of the Company, as disclosed in Note 7, has a client on whom voluntary liquidation proceedings were initiated. Further, this client also holds $5,000,000 non-redeemable preference shares as disclosed in Note 15 (b).

Although the ultimate outcome of the above mentioned matters cannot be ascertained at this time, it is the opinion of management, after consultation with legal counsel, that the resolution of matters will not have a materially adverse effect on the financial position of the subsidiary.

(b) The United States Securities and Exchange Commission

The United States Securities and Exchange Commission ("SEC") commenced litigation on or about August 8, 2014. The SEC alleged that a subsidiary of the Group and its President purported to be the "custodian" for assets under the management of Nikolai Battoo ("Battoo"). The SEC indicated that the subsidiary and its President misrepresented themselves to investors as Battoo's custodian when, since at least 2009, the Company did not have custody of most of the assets listed on investor account statements. The SEC further alleged that the subsidiary and its President permitted Battoo to misappropriate at least $45 million of investor funds.

The SEC alleged that the subsidiary and its President violated certain sections of the securities laws and sought injunctive relief including injunctions against future violations of various sections of the federal securities laws and its rules and regulations thereunder including, but not limited to, the anti-fraud sections of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Advisers Act.

On March 30, 2015, after the Court denied the defendants' motion to dismiss the Complaint on jurisdictional grounds and for failure to state a cause of action, the defendants filed an Answer with Affirmative Defenses denying the allegations in the Complaint and seeking dismissal of the lawsuit.

This matter was settled on October 7, 2016, where defendants consented to the entry of a Final Judgment, without admitting or denying the substantive allegations of the complaint. A total sum of $337,832 was payable by the subsidiary, of which, $15,000 was paid in 2016 and the remainder was paid in 2017. In addition, the President of the subsidiary was made liable for a civil penalty amounting to $50,000, which was recognized and paid by the subsidiary in 2017. The subsidiary had identified and allocated certain funds since commencement of the litigation, which were used to settle legal expenses.

21. RELATED PARTY BALANCES AND TRANSACTIONS

Balances and transactions between the Company and its related parties are disclosed below:

		2018	2017
(a)	**Transactions and balances**	$	$
	Directors' and officers' fees	42,250	41,435
	Corporate management fees (Note 18)	9,300	40,360
	Investment advisor fee (Note 17)	100,000	100,000
	Loan from parent company (Note 14)	180,000	180,000
	Purchase of intangible asset (Note 12)	–	250,000

(b) **Key management personnel compensation**

The remuneration of the directors and other members of key management personnel of the Company is comprised only of short-term employee benefits in aggregate amounting to $646,770 (2017: $619,486).

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

To safeguard the entities' ability to continue as going concerns, so that as a Group, they can continue to provide returns for shareholders and benefits for other stakeholders.

To provide an adequate return to shareholders by selecting investments that provide an acceptable return commensurately with the level of risk.

The Company manages its capital structure and makes adjustments to it in light of economic changes to mitigate market risk. In order to manage the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or liquidate assets to reduce debt.

A subsidiary of the Company is subject to externally imposed capital requirements. The Securities Industry Regulations, 2000 requires that a Class 1 broker-dealer shall maintain at least $300,000 of regulatory capital, which consists of cash and cash equivalents, money market funds, government securities and listed securities.

In July 2017, concerns over adequacy of the subsidiary's regulatory capital were raised by the regulator. The directors have been responsive in providing the requirements communicated by the regulator to come into compliance with the Regulations. Towards the end of 2017, the subsidiary had met the required capital. The result of the examination has then been resolved and closed.

23. OPERATING LEASE COMMITMENTS

As Lessor

A subsidiary of the Company leases its investment property to various third parties under operating lease agreements. The average lease term is 5 years, with a fixed annual rate for the period of the lease.

Future minimum lease receipts under non-cancellable operating leases are as follows:

	2018	2017
Within one year	413,605	465,101
Later than 1 year and no later than 5 years	188,263	808,134
	$ 601,868	$ 1,273,235

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Management is of the opinion that the fair value of the financial assets and financial liabilities of the Company approximate their carrying values as reported in these consolidated financial statements.

The following table analyzes the carrying amounts of financial assets and liabilities as defined in Note 4 (h):

	At Amortized cost	At Fair value through OCI	At Fair value through profit or loss	Total
2018				
Financial Assets				
Cash at bank	4,729,235	–	–	**4,729,235**
Due from brokers	739,560	–	–	**739,560**
Customer advances	2,196,813	–	–	**2,196,813**
Investments in securities	–	–	3,978,300	**3,978,300**
Other receivables	1,172,694	–	–	**1,172,694**
	$ 8,838,302	**$ –**	**$3,978,300**	**$ 12,816,602**

	At Fair value through profit or loss	Other financial liabilities	Total
Financial Liabilities			
Bank overdraft	–	485,018	**485,018**
Accounts payable and accrued expenses	–	931,038	**931,038**
Due to customers	–	5,325,393	**5,325,393**
Bank loan – current	–	32,046	**32,046**
Loan from Parent Company	–	180,000	**180,000**
Bank loan – non-current	–	171,723	**171,723**
	$ –	**$ 7,125,218**	**$ 7,125,218**

	At Amortized cost	At Fair value through OCI	At Fair value through profit or loss	Total
2017				
Financial Assets				
Cash at bank	9,789,195	–	–	**9,789,195**
Due from brokers	4,723,754	–	–	**4,723,754**
Customer advances	346,218	–	–	**346,218**
Investments in securities	–	–	4,289,447	**4,289,447**
Other receivables	65,647	–	–	**65,647**
	$ 14,924,814	**$ –**	**$4,289,447**	**$ 19,214,261**

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS *(continued)*

	At Fair value through profit or loss	Other financial liabilities	Total
2017			
Financial Liabilities			
Bank overdraft	–	2,769	**2,769**
Accounts payable and accrued expenses	–	752,919	**752,919**
Due to customers	–	11,486,585	**11,486,585**
Bank loan – current	–	25,016	**25,016**
Loan from Parent Company	–	180,000	**180,000**
Bank loan – non-current	–	208,540	**208,540**
	$ –	**$12,655,829**	**$ 12,655,829**

Fair value of financial instruments

The directors consider that the carrying amounts of all of the financial assets and liabilities of the Company approximate their fair values due to the following reasons:

(i) Investments in securities are carried at fair value at each reporting period.

(ii) Due from brokers, customer advances, other receivables excluding prepayments, overdraft, due to customers, bank loan—current, loan from parent company and accounts payable and accrued expenses approximate their fair values due to the short-term maturities of these instruments with no expected significant change in value over the short period of time.

(iii) Bank loan — non-current bears the prevailing market rate of interest making it approximate its fair value.

Fair value hierarchy and measurements

The following table categorizes into three levels the inputs used to measure fair value of financial instruments:

Financial assets and liabilities that are measured at fair value on a recurring basis

	Fair value measurements as at 31 December 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Investments in securities	3,978,300	–	–	**3,978,300**

	Fair value measurements as at 31 December 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Investments in securities	4,289,447	–	–	**4,289,447**

Level 1

The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date.

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS *(continued)*

Fair value hierarchy and measurements *(continued)*

Level 2

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. The fair value of the financial instrument within this category has been estimated using the present value method.

Level 3

The fair value of financial instruments is determined by inputs that are not based on observable market data.

There were no transfers between level 1 and 2 during the year.

Financial assets and liabilities that are not measured at fair value on a recurring basis:

	Fair value measurements as at 31 December 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Cash at bank	4,729,235	–	–	**4,729,235**
Due from brokers	739,560	–	–	**739,560**
Customer advances	–	2,196,813	–	**2,196,813**
Other receivables	–	1,172,694	–	**1,172,694**
FINANCIAL LIABILITIES				
Bank overdraft	485,018	–	–	**485,018**
Accounts payable and accrued expenses	–	931,038	–	**931,038**
Due to customers	–	5,325,393	–	**5,325,393**
Bank loan – current	–	–	32,046	**32,046**
Loan from Parent Company	–	180,000	–	**180,000**
Bank loan – non-current	–	–	171,723	**171,723**

	Fair value measurements as at 31 December 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Cash at bank	9,789,195	–	–	**9,789,195**
Due from brokers	4,723,754	–	–	**4,723,754**
Customer advances	–	346,218	–	**346,218**
Other receivables	–	65,647	–	**65,647**
FINANCIAL LIABILITIES				
Bank overdraft	2,769	–	–	**2,769**
Accounts payable and accrued expenses	–	752,919	–	**752,919**
Due to customers	–	11,486,585	–	**11,486,585**
Bank loan – current	–	–	25,016	**25,016**
Loan from Parent Company	–	180,000	–	**180,000**
Bank loan – non-current	–	–	208,540	**208,540**

25. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises primarily from the Company's cash at bank, customer advances, due from brokers and other receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of market and liquidity risk of the securities held as collateral for the receivables.

The Company has established an allowance for impairment that represents its estimate of incurred losses in respect of customer advances, due from brokers and other receivables. Recoverability of each of these assets is assessed individually, and specific provision is made as required.

The table below classifies various financial assets in ascending order of exposure to credit risk:

	2018	2017
(a) Banks with credit-rating of B and above	4,729,235	9,789,195
(b) Stockbrokers	739,560	4,723,754
(c) Other receivables	1,172,694	65,647
(d) Due from customers	2,196,813	346,218
	$ 8,838,302	**$ 14,924,814**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

The Company's approach to managing liquidity is to ensure that, as far as possible, it will schedule the maturity of its financial assets to coincide with the maturity of its financial liabilities.

The risk is also mitigated by management's ability to negotiate to reschedule the maturity of financial assets and financial liabilities, and borrow temporary funds from its bankers to bridge any shortfall.

Management is of the opinion that disclosure of the maturity profile of financial assets is not required. The Company maintains sufficient cash and marketable securities. Management reviews cash flow forecasts on a regular basis to determine whether the Company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The Company has further unused overdraft facilities of $14,982 (2017: $497,231) which can be used as an additional means of easing liquidity risk, if considered necessary. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

25. FINANCIAL RISK MANAGEMENT *(continued)*

Liquidity risk *(continued)*

	0 to 3 months $	3 months to 1 year $	Over 1 year $	Total $
2018				
Financial Liabilities				
Bank overdraft	485,018	–	–	485,018
Accounts payable and accrued expenses	273,713	657,325	–	931,038
Due to customers	233,248	3,925,906	1,166,239	5,325,393
Bank loan – current	11,322	33,966	–	45,288
Loan from parent company	–	180,000	–	180,000
Bank loan – non-current	–	–	192,474	192,474
	$ 1,003,301	**$ 4,797,197**	**$ 1,358,713**	**$ 7,159,211**

	0 to 3 months $	3 months to 1 year $	Over 1 year $	Total $
2017				
Financial Liabilities				
Bank overdraft	2,769	–	–	**2,769**
Accounts payable and accrued expenses	255,141	497,778	–	**752,919**
Due to customers	462,467	7,718,723	3,305,395	**11,486,585**
Bank loan – current	11,322	33,966	–	**45,288**
Loan from parent company	–	180,000	–	**180,000**
Bank loan – non-current	–	–	237,762	**237,762**
	$ 731,699	**$ 8,430,467**	**$ 3,543,157**	**$ 12,705,323**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of the Company's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk.

(a.) **Currency risk**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Most of the Company's foreign currency transactions, assets and liabilities are denominated in US Dollars, Hong Kong Dollars and Indonesian Rupiah. The Company hedges currency risk by converting other foreign currencies to US Dollars, which is at par with the Bahamian Dollar, at transaction date and also by maintaining a spread to cover adverse fluctuations.

(b.) **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities. A subsidiary's interest rate liability risk arises primarily from borrowings issued at floating interest rates, which exposes the subsidiary to cash flow interest rate risk. Borrowings are sourced from a local bank, covering short and long-term funding.

25. FINANCIAL RISK MANAGEMENT *(continued)*

Market risk *(continued)*

(b.) Interest rate risk *(continued)*

The Company manages interest rate risk on borrowings by ensuring access to diverse sources of funding, reducing risks of refinancing by establishing and managing in accordance with target maturity profiles.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. It shows the effect on net comprehensive (loss)/income and equity had the interest rates been higher or lower. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates based on the recent changes in lending prime rate in The Bahamas.

If interest rates had been 50 basis points higher/lower, profit or loss, and equity for the year ended December 31, 2018 would decrease/increase by $3,444 (2017: $1,182). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

CORPORATE INFORMATION

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