



Consolidated Financial Statements of

COMMONWEALTH BREWERY LIMITED

Year ended December 31, 2014

COMMONWEALTH BREWERY LIMITED

Consolidated Financial Statements

Year ended December 31, 2014

	Page
Independent Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 28



KPMG
PO Box N-123
Montague Sterling Centre
East Bay Street
Nassau, Bahamas

Telephone +1 242 393 2007
Fax +1 242 393 1772
Internet www.kpmg.com.bs

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Commonwealth Brewery Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Commonwealth Brewery Limited ("the Company"), which comprise the consolidated statement of financial position as at December 31 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

March 19, 2015

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Financial Position

December 31, 2014, with corresponding figures for 2013
(Expressed in Bahamian dollars)

	Note(s)	2014	2013
Assets			
Current assets:			
Cash and cash equivalents	4	\$ 7,125,222	6,753,447
Trade receivables, net	5	3,163,708	2,930,875
Prepaid expenses and other assets	6	1,791,837	2,670,503
Inventories	7	20,400,172	19,168,108
Total current assets		32,480,939	31,522,933
Non-current assets:			
Property, plant and equipment	9	37,130,247	34,121,628
Goodwill	8	4,487,242	4,487,242
Other intangible assets	10	156,017	31,667
Total non-current assets		41,773,506	38,640,537
Total assets	24	\$ 74,254,445	70,163,470
Liabilities and equity			
Current liabilities:			
Accounts payable and accrued expenses	11, 15	\$ 12,431,642	10,136,702
Total current liabilities	24	12,431,642	10,136,702
Equity:			
Share capital	12	150,000	150,000
Share premium		12,377,952	12,377,952
Contributed surplus		16,351,369	16,351,369
Revaluation surplus	13	7,096,254	4,269,587
Retained earnings		25,847,228	26,877,860
Total equity		61,822,803	60,026,768
Commitments and contingencies	4, 14		
Total liabilities and equity		\$ 74,254,445	70,163,470

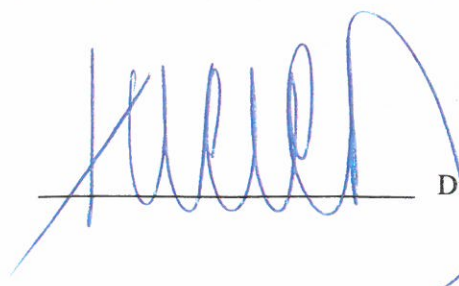
See accompanying notes to consolidated financial statements.

These consolidated financial statements were approved for issue on behalf of the Board of Directors on March 19, 2015 by:



Director

2



Director

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Comprehensive Income

Year ended December 31, 2014, with corresponding figures for 2013

(Expressed in Bahamian dollars)

	Note(s)	2014	2013
Income:			
Revenue	24	\$ 124,157,038	119,124,128
Operating expenses:			
Raw materials, consumables and services	7, 15, 17	87,212,410	81,232,862
Personnel costs	15, 18	17,212,123	16,294,044
Depreciation	9	2,553,747	2,577,172
Amortisation	10	30,310	232,164
Total operating expenses		107,008,590	100,336,242
Other income and expenses	16	1,022,601	357,387
Results from operating activities		18,171,049	19,145,273
Finance (expense)/income		(1,681)	3,657
Net income	19, 24	\$ 18,169,368	19,148,930
Other comprehensive income:			
Revaluation of property, plant and equipment	9	\$ 2,826,667	–
Other comprehensive income		\$ 2,826,667	–
Total net income and other comprehensive income		\$ 20,996,035	19,148,930
Basic and diluted earnings per share	19	\$ 0.61	0.64

See accompanying notes to consolidated financial statements.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Changes in Equity

Year ended December 31, 2014, with corresponding figures for 2013
(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
Balance at December 31, 2012	\$ 150,000	12,377,952	16,351,369	4,269,587	26,928,930	60,077,838
Net income and total comprehensive income	—	—	—	—	19,148,930	19,148,930
Transactions with owners, recorded directly in equity						
Dividends declared (note 20)	—	—	—	—	(19,200,000)	(19,200,000)
Balance at December 31, 2013	150,000	12,377,952	16,351,369	4,269,587	26,877,860	60,026,768
Net income	—	—	—	—	18,169,368	18,169,368
Other comprehensive income	—	—	—	2,826,667	—	2,826,667
Total comprehensive income	—	—	—	2,826,667	18,169,368	20,996,035
Transactions with owners, recorded directly in equity						
Dividends declared (note 20)	—	—	—	—	(19,200,000)	(19,200,000)
Balance at December 31, 2014	\$ 150,000	12,377,952	16,351,369	7,096,254	25,847,228	61,822,803

See accompanying notes to consolidated financial statements.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Cash Flows

Year ended December 31, 2014, with corresponding figures for 2013
(Expressed in Bahamian dollars)

	Note(s)	2014	2013
Cash flows from operating activities			
Net income		\$ 18,169,368	19,148,930
Adjustments for:			
Depreciation	9	2,553,747	2,577,172
Amortisation	10	30,310	232,164
Bad debt expense/(recovery)	5, 6, 17	125,006	(52,740)
Loss on write-off of property, plant and equipment	9, 16	21,935	25,104
Finance expense/ (income)		1,681	(3,657)
Net cash from operations before changes in working capital		20,902,047	21,926,973
Changes in non-cash working capital	21	1,583,703	(6,104,672)
Net cash from operating activities		22,485,750	15,822,301
Cash flows from financing activities			
Dividends paid	20	(19,200,000)	(19,200,000)
Net cash used in financing activities		(19,200,000)	(19,200,000)
Cash flows from investing activities			
Additions to property, plant and equipment	9	(2,757,634)	(1,720,945)
Additions to intangible assets	10	(154,660)	–
Interest (paid)/received		(1,681)	3,657
Net cash used in investing activities		(2,913,975)	(1,717,288)
Net increase/ (decrease) in cash and cash equivalents		371,775	(5,094,987)
Cash and cash equivalents, beginning of year		6,753,447	11,848,434
Cash and cash equivalents, end of year	4	\$ 7,125,222	6,753,447

See accompanying notes to consolidated financial statements.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014

(Expressed in Bahamian dollars)

1. General information

Commonwealth Brewery Limited (“CBL” or “the Company”) was incorporated under the laws of The Commonwealth of The Bahamas on November 17, 1983 and commenced trading in March 1987. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as “the Group” and individually as “Group entities”). The principal activity of the Group is the production of alcoholic and non-alcoholic beverages, liquor importation, distribution and sales. The Company’s principal place of business and registered office is located at Clifton Pier, Nassau, Bahamas. Effective May 24, 2011, the Company’s shares were listed on The Bahamas International Securities Exchange.

The Company is a subsidiary of Heineken International B.V. (“Heineken” or “the Parent”). Heineken is incorporated under the laws of The Netherlands and its corporate office is located at Tweede Weteringplantsoen 21, 1017 ZD, P. O. Box 28, 1000 AA Amsterdam, The Netherlands. The ultimate parent of CBL is Heineken N.V. located at the same address. 75% of shares of the Company are owned by Heineken and remaining 25% are owned by the Bahamian public.

2. Basis of preparation

(a) *Statement of compliance*

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

(b) *Basis of measurement*

These consolidated financial statements are prepared under the historical cost convention, except for land and buildings included in property, plant and equipment, which are carried at revalued amounts.

(c) *Functional and presentation currency*

These consolidated financial statements are presented in Bahamian dollars, the Group’s functional and reporting currency. The Bahamian dollar is the currency of the country where the Group entities are domiciled and is the prime operating currency.

(d) *Use of estimates and judgements*

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014

(Expressed in Bahamian dollars)

2. Basis of preparation *(continued)*

(d) Use of estimates and judgements (continued)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 3 <i>(h)</i>	Impairment
Note 3 <i>(l)</i>	Provisions
Note 5	Trade receivables, net
Note 6	Prepaid expenses and other assets
Note 7	Inventories
Note 8	Goodwill
Note 9	Property, plant and equipment
Note 10	Intangible assets
Note 14	Commitments and contingencies
Note 23	Financial instruments and associated risks

3. Significant accounting policies

Following is a summary of the significant accounting policies which have been applied consistently by the Group in preparing these consolidated financial statements.

(a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group. All intra-group transactions, balances, income and expenses and unrealised income and expense arising from inter-group transactions are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The carrying amount of non-controlling interests is the amount of these interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interests having a deficit balance.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

3. Significant accounting policies *(continued)*

(a) Basis of consolidation (continued)

in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(b) Financial instruments

Classification

Financial instruments include financial assets and financial liabilities. Financial assets that are classified as loans and receivables include cash held with banks and trade and other receivables. Financial liabilities that are not at fair value through profit or loss include accounts payable and accrued expenses.

Recognition

The Group recognises financial instruments initially at the trade date, which is the date when it becomes a party to the contractual provisions of the instruments.

Measurement

Financial instruments are measured initially at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, financial assets and financial liabilities not at fair value through profit or loss are carried at amortised cost using the effective interest method, less in the case of financial assets, impairment losses, if any.

Derecognition

The Group derecognises a financial asset when the contractual rights for cash flows from the financial asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

The Group derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash held with banks.

(d) Accounts receivable

Accounts receivable are stated at amortised cost net of an allowance for doubtful debts.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014

(Expressed in Bahamian dollars)

3. Significant accounting policies *(continued)*

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an allocation of those production overhead costs based on normal operating capacity, that relate to bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision for obsolescence is established when management determines the net realisable value of the inventories to be less than book value.

(f) Property, plant and equipment

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, except land and buildings, which are carried at revalued amounts. The directors review the carrying value annually. Whenever the directors determine that the carrying value differs materially from the fair value, an independent valuation is obtained and the land and buildings are revalued.

The surplus on revaluation is recorded in equity, in the revaluation surplus account, and is transferred to retained earnings when the revalued asset is derecognised. When an item of property, plant and equipment is revalued, accumulated depreciation is eliminated against the gross carrying amount of the asset.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated statement of comprehensive income as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised on a net basis within other income in the consolidated statement of comprehensive income.

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amounts substituted for cost, less its residual value.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

3. Significant accounting policies *(continued)*

(f) Property, plant and equipment (continued)

Depreciation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the items of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives. No depreciation is charged on land and capital work in progress.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	15 to 40 years
Plant and machinery	5 to 30 years
Furniture, fixtures and equipment	3 to 25 years
Vehicles and transportation equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted, if necessary.

(g) Intangible assets

Goodwill

Goodwill is carried at cost less accumulated amortisation and impairment losses. Goodwill arising on the acquisition of the Group's 100% ownership interest in Butler & Sands Company Limited and its subsidiaries in the year 2000 represents the excess of the cost of acquisition over the net fair value of the identifiable assets and liabilities of Butler & Sands Company Limited and its subsidiaries recognised at the date of acquisition less accumulated amortisation thereon to December 31, 2004, at which time amortisation ceased and goodwill was deemed to have an indefinite useful life. Thereafter, goodwill is tested for impairment annually.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The computer software is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is computed on the straight-line method over an estimated useful life of up to five years.

(h) Impairment

Financial assets

Financial assets other than receivables, which are reviewed on a continuous basis, are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

3. Significant accounting policies *(continued)*

(h) Impairment (continued)

Financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis. All impairment losses are recognised in the consolidated statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated each year at the same time. An impairment loss is recognised if the carrying amount of the asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use represents the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses are recognised in the consolidated statement of comprehensive income except for revalued assets where the impairment loss is first applied to the revaluation surplus and any excess is recognised in the consolidated statement of comprehensive income. An impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill associated with the CGU and then to reduce the carrying amount of other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 net of depreciation or amortisation, if no impairment loss had been recognised except for assets normally carried at revalued amounts.

(i) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

- (a) A person or a close member of that person's family is related to a reporting entity if that person:

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014

(Expressed in Bahamian dollars)

3. Significant accounting policies *(continued)*

(i) Related parties (continued)

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(c) A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

(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.

Rental income and expense from operating leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease. Initial direct costs, if incurred, in negotiating and arranging an operating lease are recognised on a straight-line basis over the lease term.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from equity.

(l) Provisions

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

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

3. Significant accounting policies *(continued)*

(l) Provisions (continued)

settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Foreign currencies

Transactions in foreign currencies are translated into Bahamian dollars at exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in such currencies at the year-end date are translated at the rates prevailing at that date.

Any differences arising on translation are recognised as exchange gains/losses within other income in the consolidated statement of comprehensive income.

(n) Revenue recognition

Products sold

Revenue from the sale of products in the ordinary course of business is measured at the fair value of the consideration received or receivable net of customer discounts and other sales related discounts. Revenue from the sale of products is recognised in the consolidated statement of comprehensive income when the amount of revenue can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably and there is no continuing management involvement with the products.

Services

Revenue from services, which is included in miscellaneous income, is recognised in the consolidated statement of comprehensive income when the services are rendered.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to the fund. The Group has no legal or constructive obligation to pay further contributions. Contributions to the Group's defined contribution pension plans are recognised as an employee benefit expense in the consolidated statement of comprehensive income in the periods during which services are rendered by employees.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

3. Significant accounting policies *(continued)*

(o) *Employee benefits (continued)*

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

(p) *Finance income*

Finance income is accrued on a daily basis using the effective interest rate method.

(q) *Earnings per share*

Earnings per share are based on consolidated net income divided by the weighted average number of ordinary shares outstanding during the year.

(r) *Dividends*

Dividends are recognised as a liability in the period in which they are declared.

(s) *Operating segments*

Business segments are components of an enterprise about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance.

Generally, financial information is required to be reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources to segments.

For management purposes, the Group is currently organised into three business segments: (i) Wholesale (ii) Retail and (iii) Production. These divisions are the basis on which the Group reports its operating segment information.

(t) *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant impact on the consolidated financial statements of the Group except for IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2018 consolidated financial statements and could change the classification and measurement of financial instruments. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

4. Cash and cash equivalents

	2014	2013
Cash on hand	\$ 58,200	52,848
Cash held with banks	7,067,022	6,700,599
Cash and cash equivalents	\$ 7,125,222	6,753,447

The Company has an overdraft facility of \$1,000,000 (2013: \$1,000,000) under joint and several liability with Burns House Limited (“BHL” or “Principal Subsidiary”). As at December 31, 2014 and 2013, the overdraft facility was not drawn down. This facility bears interest at the rate of Bahamian prime plus 0.625% per annum (2013: Bahamian prime plus 0.625% per annum).

5. Trade receivables, net

	2014	2013
Trade receivables, gross	\$ 3,672,229	3,319,396
Allowance for doubtful debts	(508,521)	(388,521)
	\$ 3,163,708	2,930,875

Aging analysis of trade receivables, gross, as at December 31:

	2014	2013
Current (up to 30 days)	\$ 2,467,805	2,562,294
Past due but not impaired (31 to 120 days)	695,903	368,581
Past due and impaired (over 120 days)	508,521	388,521
	\$ 3,672,229	3,319,396

Movement in the allowance for doubtful debts:

	2014	2013
Balance at beginning of the year	\$ 388,521	429,180
Increase in allowance	125,006	–
Reversal of allowance	–	(40,659)
Amounts written off as uncollectible	(5,006)	–
Balance at end of the year	\$ 508,521	388,521

Maximum exposure to credit risk for trade receivables at December 31, by geographic region:

	2014	2013
The Bahamas	\$ 2,915,407	2,824,763
United States of America	248,301	106,112
	\$ 3,163,708	2,930,875

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014

(Expressed in Bahamian dollars)

6. Prepaid expenses and other assets

	2014	2013
Other receivables	\$ 1,370,656	2,044,207
Prepaid expenses	914,409	1,090,325
Staff loans	3,915	33,114
	2,288,980	3,167,646
Allowance for doubtful debts	(497,143)	(497,143)
	\$ 1,791,837	2,670,503

Movement in the allowance for doubtful debts created for other receivables is as follows:

	2014	2013
Balance at beginning of the year	\$ 497,143	509,224
Reversal of allowance	–	(12,081)
Balance at end of the year	\$ 497,143	497,143

7. Inventories

	2014	2013
Goods bought for resale	\$ 13,622,344	13,740,711
Raw materials and packaging	4,052,854	2,615,124
Finished goods	895,114	987,920
Work-in-progress	173,949	120,316
Spare parts	694,826	663,177
Other stock items	1,426,855	1,366,815
	20,865,942	19,494,063
Provision for obsolescence	(465,770)	(325,955)
	\$ 20,400,172	19,168,108

Movement in the provision for obsolescence:

	2014	2013
Balance at beginning of the year	\$ 325,955	469,870
Increase in provision	139,815	–
Decrease in provision	–	(143,915)
Balance at end of the year	\$ 465,770	325,955

As outlined in note 17, the cost of inventories recognised as an expense during the year was \$48,618,918 (2013: \$43,226,984).

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014

(Expressed in Bahamian dollars)

8. Goodwill

Goodwill comprises the following:

		2014	2013
Cost	\$	6,363,448	6,363,448
Accumulated amortisation		(1,876,206)	(1,876,206)
Balance at end of the year	\$	4,487,242	4,487,242

Goodwill is tested for impairment annually. The recoverable amount of the CGU which includes the goodwill is based on a value in use calculation. The value in use has been determined by discounting the future cash flows generated from the continuing use of the CGU.

The key assumptions used for the value in use calculations are as follows:

- Cash flows are projected based on actual operating results and the three year business plan. Cash flows for a further two year period are projected using expected annual growth rates.
- Cash flows after the first five years were projected using expected annual long-term inflation, based on external sources, in order to calculate the terminal recoverable amount.
- Weighted average cost of capital (“WACC”) is applied in determining the recoverable amount of the CGU.

The WACC, expected growth rate and the expected long-term inflation rate are as follows:

	2014	2013
WACC	9.97%	9.89%
Expected annual long-term inflation	2.23%	1.21%
Expected growth rate	1.82%	0.73% to 1.34%

The values assigned to the key assumptions represent management’s assessment of future trends in the wine & spirits industry and are based on both external and internal sources (historical data). A limited change in key assumptions will not lead to a materially different outcome. Based on the value in use calculation management has determined that there has not been any impairment in the carrying amount of goodwill as at December 31, 2014 and 2013.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

9. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Vehicle and transportation equipment	Capital work in progress	Total
Cost/revalued amount:								
Balance at December 31, 2012	\$ 6,455,460	15,856,965	2,501,750	32,959,963	13,870,523	1,356,786	946,482	73,947,929
Additions	-	-	-	-	-	-	1,720,945	1,720,945
Transfers	-	324,592	276,183	1,203,009	231,802	180,169	(2,215,755)	-
Write offs	-	-	-	(27,695)	-	-	-	(27,695)
Balance at December 31, 2013	6,455,460	16,181,557	2,777,933	34,135,277	14,102,325	1,536,955	451,672	75,641,179
Revaluation (745,206)		1,868,371	-	-	-	-	-	1,123,165
Additions	-	-	-	-	-	-	-	-
Transfers	-	114,819	218,491	799,953	174,837	88,191	2,757,634	2,757,634
Write offs	-	-	-	-	-	(62,148)	-	(62,148)
Balance at December 31, 2014	\$ 5,710,254	18,164,747	2,996,424	34,935,230	14,277,162	1,562,998	1,813,015	79,459,830
Accumulated depreciation:								
Balance at December 31, 2012	\$ -	857,768	2,142,289	22,671,314	12,329,653	943,946	-	38,944,970
Depreciation	-	421,345	171,660	1,363,077	473,622	147,468	-	2,577,172
Write offs	-	-	-	(2,591)	-	-	-	(2,591)
Balance at December 31, 2013	-	1,279,113	2,313,949	24,031,800	12,803,275	1,091,414	-	41,519,551
Depreciation	-	424,389	174,722	1,372,204	427,209	155,223	-	2,553,747
Write offs	-	-	-	-	-	(40,213)	-	(40,213)
Revaluation	-	(1,703,502)	-	-	-	-	-	(1,703,502)
Balance at December 31, 2014	\$ -	520,000	2,488,671	25,404,004	13,230,484	1,206,424	-	42,329,583
Net book value:-								
December 31, 2014	\$ 5,710,254	18,164,747	507,753	9,531,226	1,046,678	356,574	1,813,015	37,130,247
December 31, 2013	\$ 6,455,460	14,902,444	463,984	10,103,477	1,299,050	445,541	451,672	34,121,628

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014

(Expressed in Bahamian dollars)

9. Property, plant and equipment (continued)

The latest revaluation of land and buildings was done on December 31, 2014 by a qualified independent appraiser, Robin Brownrigg, using the income approach, except for one property where the cost basis was used. Had there been no revaluation, the carrying value of land would have been \$1,689,070 (2013: \$1,689,070) and of buildings would have been \$5,149,315 (2013: \$5,659,704).

10. Intangible assets

Intangible assets consist of computer software as follows:

	2014	2013
Cost:		
Balance at January 1	\$ 3,277,317	3,277,317
Additions	154,660	—
Balance at December 31	\$ 3,431,977	3,277,317
Accumulated amortisation:		
Balance at January 1	\$ 3,245,650	3,013,486
Amortisation	30,310	232,164
Balance at December 31	\$ 3,275,960	3,245,650
Net book value:	\$ 156,017	31,667

11. Accounts payable and accrued expenses

Accounts payable and accrued expenses comprise the following:

	2014	2013
Accounts payable - third parties	\$ 7,819,249	5,661,615
Accounts payable - related parties	1,307,851	1,657,556
Accrued expenses	3,304,542	2,817,531
	\$ 12,431,642	10,136,702

12. Share capital

Authorised, issued and fully paid share capital at December 31, 2014 and 2013:

	No. of shares	Amount
Ordinary shares of \$0.005 each	30,000,000	\$ 150,000

13. Revaluation surplus

As discussed in note 9, the latest revaluation of land and buildings was carried out by an independent appraiser on December 31, 2014 which resulted in a surplus of \$2,826,667. The remaining amount relates to previous revaluations.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

13. Revaluation surplus (continued)

		2014	2013
Balance at January 1	\$	4,269,587	4,269,587
Surplus arising from revaluation		2,826,667	–
Balance at December 31	\$	7,096,254	4,269,587

14. Commitments and contingencies

Operating lease commitments

The Group's commitments on operating leases are as follows:

		Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
2014	\$	1,711,680	1,371,682	1,013,866	487,249	4,584,477
2013	\$	1,658,143	1,378,881	1,913,922	870,822	5,821,768

Lease expenses of \$3,241,158 (2013: \$3,128,232) are included in occupancy expenses (see note 17) which includes rent on stores with no lease agreements. Future rentals of such stores are not included in lease commitments disclosed above.

Other commitments and contingencies

At December 31, the Company and BHL were contingently liable under customs bond guarantees of \$267,000 (2013: \$273,500) and \$606,500 (2013: \$666,500), respectively. These facilities are under joint and several liability of the Company and BHL in favor of each other.

At December 31, the Company and BHL were contingently liable under standby letters of credit of \$172,152 (2013: \$172,152) and \$250,000 (2013: \$527,848), respectively. These facilities are under joint and several liability of the Company and BHL in favor of each other.

At December 31, the Group had capital commitments of \$nil (2013: \$255,513).

Loan facility

Effective May 30, 2014, BHL entered into a facility agreement with an affiliate for an unsecured loan of up to \$2,000,000 (2013: \$2,000,000). This facility bears interest at the rate of LIBOR plus 0.60% per annum (2013: LIBOR plus 0.80% per annum) and is repayable on May 29, 2015. As at December 31, 2014, \$nil (2013: \$nil) of this facility had been utilised.

Pending Litigation

Legal proceedings are pending against the Group in the ordinary course of business. Management considers that the aggregate liability resulting from these proceedings will not be material.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

15. Balances and transactions with related parties

For the purpose of this note, affiliates include other Heineken group entities and directors. Additional related party transactions are disclosed in other notes to the consolidated financial statements.

	2014	2013
<i>Balances with the Parent</i>		
Accounts payable (note 11)	\$ 806,722	1,290,716
<i>Transactions with the Parent</i>		
Know-how fee (note 17)	435,890	420,761
Royalties (note 17)	357,997	330,915
IT related and other fee (note 17)	222,290	277,753
Dividends paid (note 20)	14,400,000	14,400,000
<i>Balances with affiliates</i>		
Accounts payable (note 11)	501,129	366,840
<i>Transactions with affiliates</i>		
Purchases of inventories (notes 7 and 17)	764,197	675,897
IT related fee (note 17)	852,065	867,882
Supply chain fee (note 17)	110,542	56,082
Directors' fee (note 17)	48,000	46,500

Know-how fee

Effective May 18, 2010, the Company entered into an agreement with the Parent to pay 0.4% per annum of revenue to Heineken as a know-how fee. Related payments are made and/or accrued for in the normal course of business.

Royalties

Royalties are calculated as a percentage of revenue and are payable to the Parent based on the relevant agreement. Related payments are made and/or accrued for in the normal course of business.

Purchase of inventories, IT related fee and supply chain fee

The Company sources certain inventories from its affiliates. IT related fee, supply chain fee and other fee are charged by Heineken and other Heineken group entities as incurred and are included in other expenses (see note 17). Related payments are made and/or accrued for in the normal course of business.

Compensation of key management personnel

During the year, key management personnel received compensation amounting to \$1,655,452 (2013: \$1,569,296), comprising short-term employee benefits of \$1,544,497 (2013: \$1,332,228), and post-employment benefits of \$110,955 (2013: \$237,068).

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

15. Balances and transactions with related parties *(continued)*

Compensation of key management personnel (continued)

Included in key management costs are costs relating to a Long Term Incentive Plan. This is a share based plan which provides senior employees with Heineken N.V. shares based on the performance of the Heineken Group as a whole. The amount recognised in personnel cost amounted to \$82,944 (2013: \$nil).

16. Other income and expenses

	2014	2013
Miscellaneous income	\$ 1,034,158	689,921
Exchange gain/ (loss)	10,378	(307,430)
Loss on write-off of property, plant and equipment	(21,935)	(25,104)
	\$ 1,022,601	357,387

17. Raw materials, consumables and services

	2014	2013
Cost of inventories (including related import duties)	\$ 48,618,918	43,226,984
Excise duties and taxes	14,217,802	14,396,654
Distribution and marketing expenses	6,644,301	6,226,875
Occupancy expenses (note 14)	3,241,158	3,128,232
Utilities	3,387,285	3,567,603
Royalties (note 15)	1,804,462	1,742,735
Bad debt expense/(recovery)	125,006	(52,740)
Insurance	1,073,284	1,053,150
Repairs and maintenance	1,839,329	1,998,520
Know-how fee (note 15)	435,890	420,761
Other expenses (note 15)	5,824,975	5,524,088
	\$ 87,212,410	81,232,862

18. Employee pension plans

In 1997, the Company commenced a defined contribution pension plan. In accordance with the terms of the plan both employer and employees are required to contribute 5% (2013: 5%) of the participants' earnings to the plan. Employees are permitted to make additional contributions in order to increase their retirement benefits. The Company's contribution net of forfeitures to the plan included in personnel costs was \$94,032 (2013: \$68,585).

Employees are eligible to become participants of the plan upon the completion of a probationary period, provided they have attained the age of 18 years. The plan is mandatory for all employees who joined the Company after January 1, 1997 and optional for those who joined prior to January 1, 1997.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

18. Employee pension plans *(continued)*

BHL has a defined contribution plan for eligible employees. The employees contribute 5% (2013: 5%) of gross salary, and BHL contributes 5% (2013: 5%) of eligible earnings. BHL's contribution to the pension costs net of forfeitures in respect to the plan for the year included in personnel costs amounted to \$335,540 (2013: \$267,897).

19. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the consolidated net income divided by the weighted average number of ordinary shares outstanding during the year.

	2014	2013
Net income	\$ 18,169,368	19,148,930
Weighted average number of shares	30,000,000	30,000,000
Basic and diluted earnings per share	\$ 0.61	0.64

20. Dividends

Dividends declared and paid by the Company amounted to \$19,200,000 (2013: \$19,200,000) including interim dividends of \$7,500,000 (2013: \$7,500,000). Dividends paid are based on basic earnings per share rounded to two decimal places.

21. Changes in non-cash working capital

	2014	2013
Change in trade receivables, net	\$ (357,839)	(30,498)
Change in prepaid expenses and other assets	878,666	(644,819)
Change in inventories	(1,232,064)	(2,363,716)
Change in accounts payable and accrued expenses	2,294,940	(3,065,639)
	\$ 1,583,703	(6,104,672)

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

22. Principal subsidiary and other significant operating subsidiaries

The following significant operating subsidiaries, all of which are incorporated in The Bahamas, are owned by the Company.

	<i>Percentage (%) Owned</i>	
	2014	2013
Burns House Limited	100	100
Butler & Sands Company Limited	100	100
Kerland Limited	100	100
Todhunter-Mitchell Distillers Limited	100	100
Todhunter-Mitchell Wines & Spirits Limited	100	100
Wholesale Wines and Spirits Limited	100	100

23. Financial instruments and associated risks

The Board of Directors has established a risk management framework whose primary objective is to protect the Group from events that hinder the sustainable achievement of the Group's performance objectives.

There are a number of risks inherent in the drinks industry that the Board has identified and manages on an ongoing basis. Among these risks, the more significant are market, credit and liquidity. In accordance with IFRS 7, Financial Instruments, the Group presents qualitative information about its exposure to risk and the objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout this note.

(a) *Market risk*

Market risk is the risk that future changes in market conditions such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The Group is party to financial instruments or enters into transactions denominated in currencies other than its functional currency. Consequently, the Group is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Group's assets or liabilities denominated in currencies other than the Bahamian dollar. Raw materials, packaging and finished products are purchased principally from Europe and are payable in Euros. The Group does not hedge against movements in foreign currency exchange rates.

The Group's total net liability exposure to fluctuations in foreign currency exchange rates (B\$ vs. Euro) at December 31 was \$1,052,538 (2013: \$551,437).

The average exchange rate between the B\$ and the Euro was B\$1 = Euro 0.75 (2013: B\$1 = Euro 0.75). The spot rate at December 31, was B\$1 = Euro 0.82 (2013: B\$1 = Euro 0.72).

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

23. Financial instruments and associated risks *(continued)*

(a) *Market risk (continued)*

Currency risk *(continued)*

Sensitivity analysis

A 10 percent strengthening of the B\$ against the Euro at December 31, would have increased equity and net income by approximately \$105,254 (2013: \$55,144). This analysis assumes that all other variables, in particular interest rates, remain constant. A 10 percent weakening of the B\$ against the Euro at December 31, would have had the equal but opposite effect on equity and net income of the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk refers to the risk of loss due to adverse movements in interest rates. The Group's interest rate risk arises from borrowings and its banking facilities. The Group manages its exposure to fluctuations in interest rates by linking its cost of borrowing to prevailing domestic or international interest rates.

The interest rate on the overdraft facility is tied to the Bahamian prime rate, which at the reporting date was 4.75% percent per annum and remained stable in 2014 and 2013. The interest rate on the loan facility with a related party is based on LIBOR plus 0.60% (2013: LIBOR plus 0.80%).

The Group believes that interest rate risk is minimal as the Group does not have any outstanding loans and has not utilised its overdraft facility as outlined in note 4.

(b) *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The Group's maximum exposure to credit risk is as follows:

	2014	2013
Cash held with banks (note 4)	\$ 7,067,022	6,700,599
Trade receivables, net (note 5)	3,163,708	2,930,875
Other receivables, net (note 6)	873,513	1,547,064
Staff loans (note 6)	3,915	33,114
	\$ 11,108,158	11,211,652

Management actively monitors the aging of receivables and establishes an allowance as circumstances warrant. The Group does not anticipate any losses in excess of the allowance for doubtful accounts as a result of this exposure.

Cash at bank amounting to \$7,067,022 (2013: \$6,700,599) was deposited with regulated financial institutions. Accordingly management considers this to bear minimal credit risk.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

23. Financial instruments and associated risks *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities and other commitments when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has no long-term liabilities. Contractual cash flows for accounts payable and accrued expenses are equal to carrying amounts and are due within 6 months or less.

24. Segment information

The Group has adopted IFRS 8 for reporting Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. This standard has been applied to all years presented in the consolidated financial statements. Information regarding the Group's reportable segments is presented below.

The Group's revenue from operations by reportable segment is as follows:

Segment revenue

	2014	2013
Wholesale	\$ 105,996,323	102,918,867
Retail	38,208,946	36,235,791
Production	51,232,829	51,738,506
	\$ 195,438,098	190,893,164

Inter-segment revenue

	2014	2013
Wholesale	\$ 20,663,124	20,876,864
Production	50,617,936	50,892,172
	\$ 71,281,060	71,769,036

Revenue from external customers

	2014	2013
Wholesale	\$ 85,333,199	82,042,003
Retail	38,208,946	36,235,791
Production	614,893	846,334
	\$ 124,157,038	119,124,128

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014

(Expressed in Bahamian dollars)

24. Segment information *(continued)*

The Group's net income by reportable segment is as follows:

	2014	2013
Wholesale	\$ 6,132,482	5,042,090
Retail	4,636,085	4,368,342
Production	7,400,801	9,738,498
	\$ 18,169,368	19,148,930

The Group's assets by reportable segment are as follows:

	2014	2013
Wholesale	\$ 22,094,502	23,701,778
Retail	5,801,920	5,107,971
Production	33,670,626	30,435,161
Total segment assets	61,567,048	59,244,910
Unallocated	12,687,397	10,918,560
Total assets	\$ 74,254,445	70,163,470

For the purposes of monitoring segment performance and allocating resources between segments, the only assets allocated by segment are trade and other receivables, inventories and property, plant & equipment.

The Group's liabilities by reportable segment are as follows:

	2014	2013
Wholesale	\$ 5,454,177	4,328,155
Retail	389,034	41,409
Production	6,588,431	5,767,138
	\$ 12,431,642	10,136,702

The Group's additions to property, plant and equipment by reportable segment are as follows:

	2014	2013
Wholesale	\$ 292,067	328,460
Retail	352,267	397,953
Production	2,113,300	994,532
	\$ 2,757,634	1,720,945

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2014
(Expressed in Bahamian dollars)

24. Segment information *(continued)*

The Group's revenue from external customers by geographical location from operations from its major products and services are as follows:

	2014	2013
Bahamas	\$ 123,542,145	118,269,885
United States	614,893	854,243
	<u>\$ 124,157,038</u>	<u>119,124,128</u>

Included in revenues arising from direct sales from the Group's wholesale segment to its customers is \$18,273,423 (2013: \$18,559,442) which arose from sales to the Group's top five customers.

25. Fair values of financial instruments

The carrying values of financial assets and liabilities are considered to approximate their fair values due to the following reasons:

- (a) immediate or short-term maturity; and/or
- (b) interest rates approximate current market rates

The fair values of cash and cash equivalents, trade and other receivables, accounts payable and accrued expenses are not considered to be materially different from their carrying values due to their short-term nature.

26. Capital management

The Group is not subject to externally imposed capital requirements except that under The Companies Act 1992, the Group may not declare and pay a dividend if there are reasonable grounds for believing that:

- (a) the Group is unable or would, after the payment of dividends be unable to meet its liabilities as they become due; or
- (b) the realisable assets of the Group will be less than the sum of its total liabilities and outstanding share capital.

There were no changes in the Group's approach to capital management during the year.

With effect from January 1, 2011 the Group's policy is to distribute 100% of consolidated net income as dividends subject to the provisions of the The Companies' Act 1992 as outlined above. The frequency of the payout is at the discretion of the Board of Directors and is subject to approval at the annual shareholders' meeting.