

N A S S A U



B A H A M A S



2011 ANNUAL REPORT





COMMONWEALTH BREWERY LIMITED

2011 ANNUAL REPORT

Table of Contents

Introduction	2
Financial Highlights	3
Commonwealth Brewery Limited Directors' Bios	4
Chairman's Message	5
Managing Director's Review	6 - 8
Management Discussion and Analysis	9, 11
Executive Management Team	10
Corporate Responsibility	12
Environmental Sustainability	13
Commonwealth Brewery Limited History	14 - 15
Heineken Overview	16
List of Stores	17
Advisors	18

Audited Financial Statements

Independent Auditors' Report	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Comprehensive Income	21
Consolidated Statement of Changes in Equity	22
Consolidated Statement of Cash Flows	23
Notes to Consolidated Financial Statements	24 - 48

Disclaimer: This Annual Report might from time to time contain forward-looking statements. Readers should be cautious in interpreting these statements. Forward-looking statements involve numerous assumptions and changes in these assumptions could cause actual results to differ materially from the expectations in those statements.



Introduction

Individuals celebrate birthdays. Companies mark anniversaries. In 2011, Commonwealth Brewery Limited (CBL) had reason to celebrate both, the 25th anniversary of the brewery and the birthday of the company as a publicly-held entity with majority shares held by the Heineken Group and 25% of the company held by Bahamian individual and institutional investors.

This annual report, therefore, is the first in the company's history, the first time it shares audited financials and invites an up close and personal look inside.

Until the Prospectus was written in preparation for the Initial Public Offering (IPO) in March 2011, probably less than 10% of the Bahamian public could have adequately or accurately described the actual business of Commonwealth Brewery, though knowledge was never officially put to the test. Some might have answered "That's where they produce Kalik, the Bahamian beer." Others might have recalled Heineken. It is unlikely that many would have known that CBL incorporates a nearly 150,000-square foot brewery on almost 20 acres, more than 55 retail stores from one end of the Bahamian archipelago to the other, a staff complement of 385 and three warehouses, including one on a 5-acre site in New Providence.

Even fewer could have pointed to an enterprise that operates a recycling plant recovering more than 50% of all the bottles used by the brewery or to the fact that what started out in 1986 as a brewery manufacturing

Heineken and Guinness now also brews the Kalik portfolio (Kalik Beer, Light, Gold and Lime) as well as Vitamalt, is the producer of the Ricardo and Ole Nassau portfolio and that CBL is the licensed distributor for 70-plus labels of beers, wines and spirits, including some of the most prestigious cognacs, vodkas, brandies, champagnes and liqueurs available in the market.

What unfolds in this report is the portrait of a company that shows resilience, potential and vision. It is a journey that began with a brewery started in 1985, completed in 1986, built to the highest standards of its majority shareholder the Heineken Company. A company not only well known for the famous Heineken brand which is present almost in every country in the world, but also the world's most international brewer, with operations in over 70 countries, some 70,000 employees and internationally known for its values: Enjoyment to Life; Respect for Individuals, Society and Planet and a Passion for Quality.

For shareholders, there is much to digest but the direction is clear. What began as a means to feed a tourist market with an appetite for imported beers is today a full-fledged business satisfying locals and visitors, wholesalers and retailers, committed to contribute on a continuous basis to the well-being of shareholders, employees, and Bahamian economy and society.

Twenty five years after the brewery opened, the journey has just begun.



Financial Highlights

BSD '000	2011	2010	2009	2008
Volume ('000 hectoliters)*	187	187	203	213
Revenue	113,409	109,376	111,833	113,831
Result from operating activities	17,278	19,943	16,104	14,747
Earning per share (cts)	0.58	0.74	0.57	0.46
Assets	72,008	76,967	83,363	83,165
Long term liabilities	NIL	NIL	NIL	1,652
Dividends	25,153	26,268	6,850	10,250
Capital expenditure	1,314	1,404	1,885	5,236
Employees (FTE)	390	384	390	408

*1 hectoliter = 100 liters or 3,381 fl oz (US)

Commonwealth Brewery Limited Directors' Bios



Julian W. Francis, Chairman

Mr. Francis is a former Governor of The Central Bank of The Bahamas and brings a wealth of knowledge and experience to the Board. He was previously the Chairman of The Bahamas Telecommunications Company Limited (BTC) and has held other chairmanships and posts in both governmental and private organisations. He holds a Bachelor's degree (with special honours) and a Master's degree in Finance from New York University.



Nico Pinotsis, President and Managing Director

Mr. Pinotsis is the President and Managing Director of Commonwealth Brewery, Ltd. With more than 25 years experience with Heineken NV, Mr. Pinotsis has operated in various capacities within the company and around the world in sales, export, brand development and management positions. He has been in Managing Director positions for the last 15 years. He holds a Master of Science degree in Naval Architecture and Shipyard Operations from Delft University of Technology.



LeRoy Archer

Mr. Archer is the immediate past President and Managing Director of the CBL Group. A certified public accountant, Mr. Archer spent more than three years with KPMG in Boston before returning with the firm to Nassau. Mr. Archer was employed by CBL since 1989, holding a range of positions, including Financial Manager and Financial Controller of Heineken's regional office in Miami. He is the first and only Caribbean person to receive the "Financial Manager for Heineken Worldwide" award. Mr. Archer holds a Bachelor of Arts degree in Accounting from Florida Atlantic University.



Algernon Cargill

Director and CEO of the National Insurance Board, Mr. Cargill holds an MBA from the University of Miami. Mr. Cargill has both local and international experience and has held positions in commercial banking and the petroleum industry prior to entering the insurance industry and being recruited to head NIB.



Ed Fields

Mr. Fields is the Senior Vice President of Retail Services and Public Affairs for Kerzner International and General Manager of Ocean Club Estates and Golf Course. A well-known radio host with a diverse background, he also serves as a Director of the Bahamas Airport Authority, Catholic Board of Education, Downtown Nassau Partnership and Nassau Airport Development Company. Mr. Fields is the Founder and Chairman of the non-partisan, non-profit organisation We the People. He holds a Bachelor's degree in Government from St. John's University in Minnesota and a Master's degree in Public Administration from the University of Georgia.



Bart van den Huijsen

CFO of Americas Region Heineken in New York, Mr. van den Huijsen holds an MBA from the Erasmus University. He has extensive financial experience, having worked for Heineken NV in several countries. Prior to joining the company in 1996, Mr. van den Huijsen was a senior consultant for Ernst & Young in The Netherlands.



Eugene Ubalijoro

Mr. Ubalijoro is the Managing Director of Heineken Caribbean & Americas Export. He has had a diverse career with Heineken since joining in 1990 as the first African international trainee. In 1995, Eugene became Heineken USA's first Regional Marketing Manager for the Southeast region. He has been a consultant in Amsterdam, Commercial Manager in Sub-Sahara Africa and Managing Director in La Reunion. Mr. Ubalijoro holds a Bachelor's degree in Business Administration from Georgetown University and an MBA from Université de Sherbrooke.



Chairman's Message

This year marks the 25th anniversary of Commonwealth Brewery Limited (CBL)'s operations which began in 1986. Over this period, CBL has consistently continued its growth as the Bahamians market leader for high quality locally-brewed and imported beer, malt beverages, wines and spirits.

This year, 2011, represented a major milestone in CBL's development: the transformation of the brewer/distributor from a closely-held, privately-owned entity to one with 25% of its ownership in public hands following an Initial Public Offering and listing on the Bahamas International Securities Exchange. Some 3,000 Bahamian individual and institutional shareholders acquired 15.1% of the Company's shares through the offering, and the Bahamas Government bought the remaining 9.9% through the National Insurance Board.

After a quarter of a century of serving the Bahamian market, and having now achieved such broad and significant public ownership, CBL is clearly fully embedded within the Bahamian fabric, and proud of its place as a major driver of our country's economy.

I am honoured to have been invited to serve as Chairman of the Board of Commonwealth Brewery at this point in the development of the business, having followed with keen interest the company's evolution over the past quarter of a century.

At the time of CBL's establishment as the Bahamas' unique beer manufacturer, charged to represent and to protect the lofty standards of one of the oldest and proudest international labels, there were those within our business community in particular, who doubted CBL's ability to live up to this ambition, believing it to be largely an ambitious dream. After all, the reasoning went, The Bahamas is where people come to experience pristine beaches and brilliant sun, and not where you would expect to find the management, and scientific discipline and skills needed to produce, consistently over time, one of the world's most recognized and favoured brands. Or, for that matter, to create a new local brand, Kalik, which would capture the imagination and win the acceptance of the discriminating Bahamian beer drinker. This fear has long since been proven unfounded. The CBL brewery over these past 25 years has perhaps been one of the most unrecognized examples of success

of Bahamian industry, an outstanding example of international expertise blended with Bahamian local knowledge.

In 1990, CBL began the vertical expansion of its business through the acquisition of a significant interest in Burns House Limited which, since its establishment in 1953, had already grown to be the leading Bahamian distributor of beer, wines and spirits. Today, CBL represents more than 70 world-class beverage brands. In 2010, Heineken became the 100% owner of CBL including all interests in Burns House Ltd. A condition of the approval of the Government of The Bahamas to Heineken's acquiring full control of CBL and its other operating entities was that Heineken offer, by sale, 25% of this business to the Bahamian public. The sale of shares achieving this undertaking by Heineken was concluded in April of 2011, with the Bahamian shareholding indicated above, alongside Heineken as 75% majority owner of CBL.

While the 2011 operating year has been another period of significant economic challenge for The Bahamas, and consequently for CBL, we are fully confident as we look forward to the next 25 years of operations. The Company believes in The Bahamas and in its future. It is a pre-condition though that we continue to operate on a level playing field where everyone pays the same dues and the means to avoid paying are minimised.

Commonwealth Brewery Limited is unique in The Bahamas as a combination of human, technical and material resources dedicated to serving the growing and evolving needs of the Bahamian community for beverage products.

I would like, on behalf of the Board of Directors, to acknowledge and thank our fine team of executives and the over 380 members of our faithful and dedicated staff who play such a critical role in the success of our business. It is in large part due to my confidence in them that I am convinced that CBL will continue to live up to the expectation of the Bahamian public.

Finally, I would like to thank our shareholders, Heineken, the Bahamas Government and the National Insurance Board, and the more than 3,000 Bahamian individual and institutional owners for your support and confidence in us. We will continue to endeavor to merit your trust.



Managing Director's Review

On January 1, 2012 there was a change at the helm of Commonwealth Brewery. After more than seven years of meritorious service as Managing Director and over 22 years in various roles in the Heineken Group, LeRoy Archer indicated in the course of 2011 his wish to step down as Managing Director of the Company in order to pursue other activities. Considering his wealth of knowledge I am happy that he has agreed to remain on the Board albeit in a non-executive position. His presence and participation allow all of us to tap into his extensive knowledge of The Bahamas in general, the business environment and especially the Company.

As you have all noticed, the business environment in The Bahamas in 2011 continued to be challenging. Unemployment figures remained high and consumer spending, particularly in the leisure trade which is the backbone and bulk of Commonwealth Brewery's products, reflected that adversity. Nevertheless, the Company delivered solid results thanks to an ongoing focus on operational excellence, innovation and quality and a strong brand portfolio which continued to command loyalty from consumers.

Financial Performance

While revenue increased by \$4.0 million, the impact of cost increases due to non-operating external factors including the rising costs of material and goods imported for resale, a higher excise tax rate on beer and higher utility costs could not entirely be compensated by price increases to our customers.

Other income declined due to lower rental income after divesting real estate and non-recurring gains from disposal of subsidiaries in 2010. From an operating point of view costs were managed prudently. Cost savings realized in 2010 were maintained and in 2011 the company realized additional cost savings by renegotiating transport costs and consolidating headquarter office space.

The company delivered \$17.3 million net income or 58 cents per share, which was on track with expectations. Net income declined \$2.9 million compared to the record profit of 2010, but should be considered satisfactory compared to earlier years.

The cash generation remained strong. Investments and working capital needs were sourced from the

operating cash flow. Commonwealth Brewery's balance sheet per 31 December, 2011 remained debt free and in view of available cash proceeds the company paid a \$7.5 million in interim dividends to shareholders in December 2011.

Marketing Programs

Commonwealth Brewery continued to invest in marketing programs. Our key brands excited consumers with unique experiences. Kalik Pop the Top presented consumers the opportunity to win a variety of prizes in the summer months. The grand prize drawing at Arawak Cay in July 2011 was celebrated by a crowd of 5000 people. Kalik, the beer of The Bahamas, was also prominently visible during Junkanoo and the various regattas. The second half of 2011 saw the introduction of Kalik Lime, a new member of the Kalik family that delighted the Bahamian public with its refreshing taste. The Heineken summer program featured a nationwide program where consumers could compete with composing their own song and win several prizes. Guinness brought people together to celebrate Arthur Guinness Day and offered many other occasions to relax with music and dance. Commonwealth Brewery won the regional quality award for brewing the best Guinness in the Caribbean for the second year in a row. Given the competition, the company is very proud of that honour. Not only with our beer brands were we active in the generation of enjoyment in The Bahamas; through our





Spirits and Wine portfolio many events were organized or sponsored, and each brings with it a sense of fun, joy and community goodwill. Among the highlights -- Absolut Blackout; Hennessy Artistry; Johnny Walker Golf Cup and various wine tastings, dinners and other special events.

These events are a sample of the full marketing program executed in 2011. Commonwealth Brewery is committed to offering unique experiences and entertainment to consumers through the 'brands you love'.

Community Programs

Commonwealth Brewery continued to support the local community through a variety of activities. The Company sponsored with Vitamalt Summer Camps for disadvantaged children, organized sports activities with proceeds going to assist the elderly and supported blood units at hospitals.

The Company also supported the work of a large number of organizations indirectly through donations in money or in kind with among others the Grand Bahama Red Cross, Rotary Clubs of The Bahamas, The Cancer Society, AIDS Foundation and The Bahamas Heart Foundation.

After Hurricane Irene the Company assisted various local communities that organized events to raise funds for relief or rebuilding.

People

The success of a company depends on the commitment and skills of its employees, and I would like to thank the entire team on their efforts to realize the results of 2011.

In 2011 Commonwealth Brewery introduced a training program for senior, middle management and supervisors. Across the company managers and supervisors were brought together for a multiple day





training course on executive leadership skills. The company believes that this program will help foster stronger employee relationships, provide staff with the opportunity to grow and develop, and help improve company operations in the long term.

Skills and knowledge also feature prominently in customer service. The company has embarked on a training program to increase retail store clerks' product knowledge, especially of wines. Our wine training program has successfully trained 65 clerks since its inception, a necessity in order to advise the customers adequately in view of the increasing additions to our portfolio of quality wines.

As we begin 2012 the company remains dedicated to create value for our customers, our staff, shareholders and the Bahamian community in general.

Outlook for 2012

Cautious optimism is the best way to describe our current projection for the short-term future and in particular for the calendar and fiscal year ahead. We noticed some stabilization in the second half of 2011 of our operating environment and an increase in revenue

that hints at a recovering economy. However, we will need to remain cautious in our expectations.

Although the financial performance of our Company is largely influenced by external forces and the economic climate, there are steps that we plan to take to continue to outperform the market and exceed expectations. In order to increase revenue, we need to continue to earn brand preference among consumers, continue satisfying existing customers, wholesale and retail, and win new customers. That means increasing product knowledge, providing excellent shopping environments, on-time delivery, being armed with valuable product knowledge and treating our customers with the respect they have a right to expect. Ongoing training, enhanced stores, attention to special events and superior service will allow Commonwealth Brewery to continue to grow in a healthy and positive manner. Through capabilities and competencies of our staff and continued stringent cost management we will aim to increase operational efficiency and decrease operational costs.

If we take the right measures, I am convinced that we will be able to show a robust performance in 2012.





Management Discussion and Analysis

This management discussion and analysis (MD&A) should be read in conjunction with the audited consolidated financial statements of Commonwealth Brewery Limited for the year end December 31, 2011 and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in Bahamian dollars. This MD&A is dated April 25, 2012.

Financial Performance

Despite the various economic challenges impacting leisure consumer behaviour particularly in the first half of fiscal 2011, Commonwealth Brewery experienced strong overall sales with revenue increasing \$4.0 million year-over-year. Net income finished at \$2.9 million behind 2010 for a variety of reasons, including rising costs of material and goods imported for resale, changes in excise tax, utility costs, labour costs and loss of rental income which could not entirely be compensated by price increases and cost savings. Commonwealth Brewery remained debt-free with \$11.4 million in cash and equivalent following a \$7.5 million interim dividend payment to shareholders in December 2011.

Continuing high unemployment and tourist spending that was not as robust as in the previous year impacted consumer spending power. In addition the higher excise tax on beer introduced in 2010 continued to have an impact on sales volume in 2011 as consumers adjusted to higher price levels. Sales showed signs of recovery in the second half amongst other reasons due to well received marketing programs and sales promotions. Total sales volume in 2011 ended on par with 2010.

Loss of rental income due to the divestment of real estate and one-off gain on disposal of subsidiary in 2010 accounted for \$1.4 million of the net income decline.

The increase in operating expenses was primarily driven by cost of inventories (\$3.5 million), higher excise duties and taxes (\$1.1 million), higher utility expenses (\$0.7 million), other expenses (\$1.2 million) and higher personnel costs (\$1.1 million), a total of \$7.6 million in increases. The company managed to offset these increases partially with cost savings in insurance, repair & maintenance, lower depreciation and lower bad debt expenses. In addition, Commonwealth Brewery renegotiated transport cost contracts and reduced office costs by consolidating headquarter office space.

Commonwealth Brewery continued to invest in brands and people in 2011. Under stable market conditions the company going forward would be well positioned to benefit from a potential economic recovery.

Results from Operations

Results from operations amounted to \$17.3 million, close in line with net income. The company has limited finance costs.

Stepping up marketing efforts, Commonwealth Brewery managed to stabilize a declining sales volume trend triggered in 2010 by the increase of excise tax on beer. Average revenue per hectoliter increased to \$606, up 3.6 % year-over-year, amongst other reasons due to price increases of wine and spirits to compensate for increases charged by suppliers.

The results per reportable segment in Note 27 reflect the trend for the company as a whole. Net income in wholesale, retail and production were down, while revenue increased (retail excluded). Revenue in retail continued to be under pressure as the retail business experienced the negative impact of the economic environment more strongly. Revenue from exporting Kalik to the USA declined 8% compared to 2010.

Consolidated Statement of Financial Position

Cash and cash equivalents amounted to \$11.4 million at December 31, 2011 (-31% compared to 2010). It should however be noted that this is after the company paid \$7.5 million interim dividend in December 2011.

Trade receivables, prepaid expenses and other assets, inventories and accounts payable were up compared to 2010. All working capital items were impacted by a fourth quarter that showed higher activity than in the previous year.

Property, plant and equipment and intangible assets declined respectively \$1.6 million (4%) and \$0.2 million (32%). The company continued to execute a prudent investment program in 2011 at a level below depreciation.

Retained earnings declined due to dividend payout (partly related to net income of prior years).

Liquidity

Commonwealth Brewery's cash flow generation from operating activities in 2011 amounted to \$21.1 million of which \$1.1 million was used for investment. The remaining cash flow was allocated to dividend payout. The company does not employ derivative financial instruments and is free of long term debt. The liquidity risk of the company is described in Notes 15 and 26(c) of the disclosures to the consolidated financial statements and relates mainly to account payable obligations and operating leases. The company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities and other commitments when due, under both normal and stressed conditions.



Executive Management Team

Left Side (top to bottom): Lino Villarreal, Group Marketing Manager; Shun Chou, Group Financial Manager; Christiane Jung, Group Human Resources Manager and Brent Ferguson, Group Sales Manager.

Right Side (top to bottom): Remi den Broeder, Brewery Manager; Sian Bevans, Group Corporate Relations & Human Resources Manager; Dennis Hanna, Group Supply Chain & Retail Manager and Nico Pinotsis, Managing Director.

Management Discussion and Analysis (Continued)

The table below provides an aging analysis of Commonwealth Brewery's contractual obligations at December 31, 2011.

Capital Resources

At December 31, 2011, Commonwealth Brewery had no material commitment of capital resources in place. The Company generates sufficient cash from operations for its needs. In 2011 the Group had access to \$4 million overdraft facilities with local banks for contingency purposes. At December 31, 2011 these facilities were not in use. In view of the robust cash flow development, the level of overdraft facilities has been reduced to \$2 million in 2012.

With effect from January 1, 2011 the dividend policy of Commonwealth Brewery is 100% of net income. The frequency and payout ratio for any dividend remains the discretion of the Board of Directors and is subject to ratification at the Annual General Meeting of shareholders.

Should the Company need funding for large investment projects, the Company has the option to initiate long-term debt.

Off Balance Sheet Arrangements

As of December 31, 2011 the Company had no off balance sheet arrangements in place. Note 15 of the consolidated financial statements lists the commitments and contingent liabilities of the Company. The majority of commitments relate to lease contracts for commercial real estate, most of which are short-term with duration of 1 to 5 years. The main contingent liabilities are related to Customs bond guarantees and standby letters of credit.

Transactions with Related Parties

Commonwealth Brewery has a number of transactions and agreements with other entities of the Heineken Group in place. These transactions and agreements relate to the secondment of senior employees, purchasing of raw and packaging materials, supply chain consultancy, transport of products,

bottling, trademark licensing, IT services and management services. The amounts related to these transactions are specified in Note 16 to the consolidated financial statements.

Critical Accounting Estimates

Note 3 of the consolidated financial statements details the significant accounting policies of Commonwealth Brewery. Management considers none of these accounting policies to be critical, meaning that the policies require the Company to make assumptions about matters that are highly uncertain and that different estimates are reasonably likely to occur from period to period, which could have a material impact on financial results.

Note 8 details the assumption used to test impairment of goodwill annually. The Company carries net \$4.5 million of goodwill, resulting from the acquisition of 100% ownership interest in Butler & Sands Company Limited in the year 2000. Goodwill by its nature is subject to the risk of impairment if key assumptions like the projected sales volume of acquired wine and spirit brands change. However using reasonable expectations only a limited change in key assumptions would normally occur, and this would not cause a material impact on results.

Changes in Accounting Policies

Commonwealth Brewery has not applied new accounting standards or reporting policies in the current period. As described in Note 3(v) of the consolidated financial statements, the Company does not plan to adopt IFRS 9 Financial Instruments before 2015 and the extent of the impact has not yet been determined.



Contractual obligations 2011	Payment due by period				
	Total	1 year	1-2 years	2-5 years	5 years
Long term debt	NIL	NIL	NIL	NIL	NIL
Capital leases	NIL	NIL	NIL	NIL	NIL
Operating leases	5,245,517	1,931,110	1,460,132	1,606,571	247,704
Purchase obligations	NIL	NIL	NIL	NIL	NIL
Accounts payable and accrued expenses	13,847,253	13,847,253	NIL	NIL	NIL
Total contractual obligations	19,092,770	15,778,363	1,460,132	1,606,571	247,704



Corporate Responsibility

Commonwealth Brewery takes its corporate responsibility seriously. Every year CBL assists many charitable organizations including The Special Olympics, BASH, churches, and service clubs through corporate and product donations. For years, CBL has sponsored an academic scholarship at The College of The Bahamas.

Annually, it also donates a substantial financial prize to the Ministry of youth Sports and Culture for the winners of the "Kalik Best Music Award" during Junkanoo. In addition to these corporate initiatives, many of the CBL Group's employees proudly serve as advisors to the nation's Junior Achievement program.





Environmental Sustainability

Commonwealth Brewery's commitment to preserving the environment is evidenced through the Bottle Recycling Centre, which began operation in 1992. A wholly-owned subsidiary of CBL, the Bottle Recycling Centre purchases used bottles from the public, encouraging the habit of local recycling while also injecting approximately \$3.0M annually into the economy. This program spawned a new industry that continues to grow, and, in turn, reduces the amount of bottle waste sent to the local landfill.

In 2008, CBL invested \$1.5M in the management of waste water leaving the brewery, by building an anaerobic waste water treatment plant. This plant ensures that the waste water leaving the brewery is treated and released in a manner that does not negatively impact the surrounding marine environment.

Further to CBL's commitment to environmental sustainability, all utilities are managed to minimize consumption rates in the most efficient way possible. CBL uses modern methods and technology to manage its consumption of water, electricity and steam. Consumption rates of water, steam and electricity have declined steadily over the years.

CBL has also installed a modern \$1.0M carbon dioxide recovery system to save carbon dioxide by-

product generated from operations. This new system enables the recovery of an additional seven tons of carbon dioxide per week, substantially reducing any release into the environment and further protecting the earth's ozone layer from its damaging effects.

Waste reduction is also a prominent consideration in CBL's commitment to environmentally-friendly practices:

- Empty sacks that originally held grain are provided to The Bahamas Agricultural and Industrial Corporation, farmers, and other persons in the community;
- Empty drums are recycled through the local communities to be used as water tanks or garbage bins;
- Spent grain is used by local farmers for livestock feed and fertilizer;
- 265 gallon containers are sold at cost to the community for water storage;
- Cardboard boxes are reused by bottle collectors; and
- Junkanoo groups receive large sheets of cardboard for use in costume construction when they are available.



Commonwealth Brewery Limited History

After several years of negotiations, Heineken NV and Associated Bahamas Distillers and Brewers (ABDAB) came to an historic agreement on November 17, 1983 to form what would eventually become Commonwealth Brewery Limited. Eleven months later, the Government of The Bahamas gave the official approval to establish the brewery on the island of New Providence after Andros and Grand Bahama were carefully considered.

During negotiations, the Government of the day and the brewery's original shareholders took into account the large investment required to start a brewery within The Bahamas. As a result, on November 19, 1984, then Prime Minister and Minister of Finance Lynden O. Pindling provided an exclusive license to brew beer in The Bahamas under the Spirits and Beer Manufacture Act.

In 1985, construction of the country's first brewery began at Clifton Pier and two years later the very first bottle of Heineken rolled off the conveyer belt for distribution and mass consumption. CBL began operations in 1986, replacing "Goldstar Brewery" as the sole brewer in The Bahamas. The company initially brewed only Heineken and Guinness, but quickly established the Kalik beer brand in 1988 as another local market leader.

A supplier-distributor partnership between CBL and Burns House Limited (BHL) was cultivated and swiftly strengthened as production increased. A household name in the local beverage industry, BHL was established in 1953 by ABDAB and grew to become a premier importer of beer, wine and spirits in the country. In 1990, ABDAB increased its holding in CBL from 10% to 30% in exchange for a 30% interest in BHL with an option to increase that stake to 40%, which they later exercised.





In 1994, BHL merged its operations with its parent company's subsidiary, Bethell Robertson & Company Limited, making it possible for the fortified distributor to acquire its main competitor Butler & Sands Company Limited in 2000. Each expansion equipped BHL with new product lines, operational efficiencies and expanded distribution channels.

Ten years later, Heineken International became the sole owner of CBL and BHL after purchasing all interests



on May 17, 2010. After legal restructuring CBL became 100% owner of BHL in July 2010.

On March 21, 2011, CBL opened its Initial Public Offering, floating 25% of its shares. When it closed on April 15, the company had 3,000 shareholders. Some 15.1% of the shares are held by Bahamian nationals or other bona fide investors and 9.9% by the National Insurance Board.





Heineken Overview

Heineken International is a company incorporated on 19 November, 1959 and existing under the laws of the Netherlands. It currently holds 75% of the issued and outstanding shares in CBL either directly or through a nominee. Heineken International is a holding company and a wholly owned subsidiary of Heineken N.V. Heineken N.V. is a company incorporated on 11 January, 1873 and existing under the laws of the Netherlands.

Heineken traces its roots back to 1864, when Mr. Gerard Adriaan Heineken acquired a small brewery in the heart of Amsterdam. Over the years, its operations expanded substantially through growth and acquisitions, creating a stronger, more competitive business focused on sustainable growth. Today, Heineken is Europe's largest brewer and the world's third largest brewer by volume.

Heineken has the broadest geographical presence of all brewers, operating in more than 170 countries worldwide. With total consolidated volume of 145.9 million hectoliters in 2010, the company produces beer in more than 70 countries through its 140 breweries and through other brewers under license.

The brand that bears the founder's family name - Heineken - is available in almost every country on the globe and is the world's most valuable international

premium beer brand. This international brand is complemented by more than 200 regional, local, specialty beers, light beers (low-calorie beers), alcohol-free beers and ciders. These include Amstel, Birra Moretti, Cruzcampo, Dos Equis, Foster's, Kingfisher, Newcastle Brown Ale, Ochota, Primus, Sagres, Sol, Star, Strongbow, Tecate, Tiger and Zywiec.

Heineken N.V. shares are listed on Euronext Amsterdam and options on these shares are traded on the Euronext.Liffe options exchange. For further information pertaining to Heineken, please visit www.heinekeninternational.com.





List of Stores

ABACO

Butler & Sands (A&K)	Marsh Harbour
Beverage Depot (AB1)	Marsh Harbour
Butler & Sands (Spanky's)	Treasure Cay

ANDROS

Beverage Depot	Lowe Sound
Central Beverage Depot	Fresh Creek
Beverage Depot	Mangrove Cay
Beverage Depot (A4)	South Andros

BIMINI

Butler & Sands	Alice Town
----------------	------------

CAT ISLAND

Beverage Depot (Two Corners)	New Bight
------------------------------	-----------

ELEUTHERA

Beverage Depot	Rock Sound
Butler & Sands	Governor's Harbour
Beverage Depot (Pyfrom's)	Governor's Harbour
Beverage Depot	Bluff
Butler & Sands	Jean's Bay
Beverage Depot	Harbour Island
Butler & Sands (Bayside)	Harbour Island

EXUMA

Beverage Depot (B.G.S.)	George Town
Butler & Sands (John Marshall)	George Town

GRAND BAHAMA

Burns House	Queen's Highway
Ole Nassau	Int'l Airport
Beverage Depot	Churchill Square
Butler & Sands	RND Shopping Centre
Ole Nassau	Freeport Arcade
Beverage Depot	Plaza Liquor THM
Butler & Sands	Seahorse Plaza
Ole Nassau (House of Rum)	Port Lucaya
Beverage Depot	Eight Mile Rock
Butler & Sands	West End

LONG ISLAND

Beverage Depot	Queen's Highway
----------------	-----------------

NEW PROVIDENCE

Butler & Sands	Cable Beach
Butler & Sands	J.F. Kennedy Drive
Beverage Depot (Henrea Carlette)	Cable Beach
Beverage Depot (Saunders Beach)	West Bay Street
Beverage Depot (I Need A Liquor)	West Bay Street
Ole Nassau (Esquire Liquors)	Marlborough Street
Burns House (Tippsters #2)	Carmichael Road
Ole Nassau	Bay Street
Ole Nassau (THM Emporium)	Woodes Rogers Wharf
Burns House (Express Macy's)	East & Fowler Streets
Ole Nassau (Maury Roberts)	Bay Street
Beverage Depot (Captain's Cabin)	East Bay Street
Butler & Sands (The Caves)	West Bay Street
Butler & Sands	Harbour Bay Shopping Plaza
Butler & Sands	Shirley Street
Beverage Depot (Budget)	Bernard Road
Beverage Depot	Marathon Mall
Beverage Depot (The Deck)	Fox Hill Road
Butler & Sands	East West Highway
Beverage Depot	Independence Shopping Centre
Domestic Bar	LPI Airport / Family Islands Section
Ole Nassau (Int'l Departure)	LPI Airport / Non-U.S. Int'l Departure
Ole Nassau (Sammy's)	LPI Airport / Family Islands Section
Ole Nassau (Int'l Transit Bar)	LPI Airport / Non-U.S. Int'l Departure
Heineken Duty Free Shop	LPI Airport / U.S. Int'l Departure
The Heineken Bar	LPI Airport / U.S. Int'l Departure



Advisors

Auditors

KPMG, Montague Sterling Centre, East Bay Street, P. O. Box N-123

Bankers

*Citibank, 110 Thompson Boulevard, P. O. Box N-8158
First Caribbean International Bank, Shirley Street, P. O. Box N-7125*

Legal Counsel

Higgs & Johnson, Ocean Centre, Montagu Foreshore, East Bay Street, P. O. Box N-3247

Registrar & Transfer Agents

*Bahamas Central Securities Depository, 2nd Floor, Fort Nassau Centre,
British Colonial Hilton, P. O. Box EE-15672*

Registered Office

*Commonwealth Brewery Limited
c/o Higgs & Johnson Corporate Services Ltd., Ocean Centre, Montagu Foreshore,
East Bay Street, P. O. Box N-3247*

Corporate Office

Clifton Pier, P. O. Box N-4936





KPMG
P.O. 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

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, 2011, 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, 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

April 24, 2012

COMMONWEALTH BREWERY LIMITED

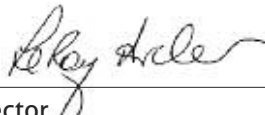
Consolidated Statement of Financial Position

December 31, 2011, with corresponding figures for 2010
(Expressed in Bahamian dollars)

	Note(s)	2011	2010
Assets			
Current Assets:			
Cash and cash equivalents	4	\$ 11,359,313	16,552,618
Trade receivables	5	1,786,488	1,259,025
Prepaid expenses and other assets	6, 16	2,126,341	1,703,641
Inventories	7	16,402,004	15,299,835
Total current assets		31,674,146	34,815,119
Non-current Assets:			
Goodwill	8	4,487,242	4,487,242
Property, plant and equipment	9	35,388,064	36,991,188
Intangible assets	11	458,957	673,138
Total non-current assets		40,334,263	42,151,568
Total assets		\$ 72,008,409	76,966,687
Liabilities and Equity			
Current Liabilities:			
Accounts payable and accrued expenses	12, 16	\$ 13,847,253	10,972,463
Total current liabilities		13,847,253	10,972,463
Equity:			
Share capital	13	150,000	150,000
Share premium		12,377,952	12,377,952
Contributed surplus	25	16,351,369	16,351,369
Revaluation surplus	14	4,269,587	4,269,587
Retained earnings		25,012,248	32,845,316
Total equity		58,161,156	65,994,224
Commitments and contingencies	4, 15		
Total liabilities and equity		\$ 72,008,409	76,966,687

See accompanying notes to consolidated financial statements.

These consolidated financial statements were approved for issue on behalf of the Board of Directors on April 24, 2012, by:


Director


Director



COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Comprehensive Income

December 31, 2011, with corresponding figures for 2010
(Expressed in Bahamian dollars)

	Note(s)	2011	2010
Income:			
Revenue	16	\$ 113,409,201	109,375,673
Other income	16, 17	1,316,560	2,318,242
Total income		114,725,761	111,693,915
Operating expenses:			
Raw materials, consumables and services	7, 16, 18	79,062,744	73,766,151
Personnel costs	16, 19	15,504,317	14,447,217
Depreciation	9, 10	2,666,036	3,242,376
Amortisation	11	214,181	295,389
Total operating expenses		97,447,278	91,751,133
Results from operating activities		17,278,483	19,942,782
Finance costs		–	(46,020)
Finance income		41,836	353,295
Net finance income		41,836	307,275
Net income		\$ 17,320,319	20,250,057
Other comprehensive income:			
Revaluation of property, plant and equipment	14	\$ –	2,566,757
Other comprehensive income		\$ –	2,566,757
Total comprehensive income		\$ 17,320,319	22,816,814
Net income attributable to:			
Owners of the Company		\$ 17,320,319	19,216,057
Non-controlling interests		–	1,034,000
		\$ 17,320,319	20,250,057
Total comprehensive income attributable to:			
Owners of the Company		17,320,319	21,782,814
Non-controlling interests		–	1,034,000
		\$ 17,320,319	22,816,814
Basic and diluted earnings per share	20	\$ 0.58	0.74

See accompanying notes to consolidated financial statements.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Changes in Equity

December 31, 2011, with corresponding figures for 2010
(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Owners of the Company	Non-controlling interests	Total equity
Balance at December 31, 2009	\$ 122,047	12,377,952	-	1,702,830	38,653,783	52,856,612	16,905,373	69,761,985
Net income	-	-	-	-	19,216,057	19,216,057	1,034,000	20,250,057
Other comprehensive income (Note 14)	-	-	-	2,566,757	-	2,566,757	-	2,566,757
Total comprehensive income	-	-	-	2,566,757	19,216,057	21,782,814	1,034,000	22,816,814
Transactions with owners, recorded directly in equity								
Issue of shares (Note 13)	27,953	-	-	-	-	27,953	-	27,953
Dividends declared (Note 21)	-	-	-	-	(25,024,524)	(25,024,524)	(1,243,000)	(26,267,524)
Changes in ownership interest in subsidiaries								
Disposal of subsidiary (Note 24)	-	-	-	-	-	-	(345,004)	(345,004)
Change in Group's interest in subsidiary without loss of control (Note 25)	-	-	16,351,369	-	-	16,351,369	(16,351,369)	-
Balance at December 31, 2010	150,000	12,377,952	16,351,369	4,269,587	32,845,316	65,994,224	-	65,994,224
Net income and total comprehensive income	-	-	-	-	17,320,319	17,320,319	-	17,320,319
Transactions with owners, recorded directly in equity								
Dividends declared (Note 21)	-	-	-	-	(25,153,387)	(25,153,387)	-	(25,153,387)
Balance at December 31, 2011	\$ 150,000	12,377,952	16,351,369	4,269,587	25,012,248	58,161,156	-	58,161,156

See accompanying notes to consolidated financial statements.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Cash Flows

December 31, 2011, with corresponding figures for 2010
(Expressed in Bahamian dollars)

	Note(s)	2011	2010
Cash flows from operating activities			
Net income		\$ 17,320,319	20,250,057
Adjustments for:			
Depreciation	9, 10	2,666,036	3,242,376
Amortisation	11	214,181	295,389
Bad debt expense	5, 6	97,113	375,973
Provision for obsolescence	7	162,504	703,006
Loss on disposal of property, plant and equipment	17	12,674	98,509
Loss on disposal of vehicles	16	88,315	–
Gain on disposal of subsidiary	17	–	(345,004)
Finance income		(41,836)	(353,295)
Finance costs		–	46,020
Net cash from operations before changes in working capital		20,519,306	24,313,031
Changes in non-cash working capital	22	562,841	775,879
Net cash from operating activities		21,082,147	25,088,910
Cash flows from financing activities			
Repayment of bank loans		–	(1,651,527)
Interest paid		–	(46,020)
Dividends paid	21	(25,153,387)	(14,700,000)
Net cash used in financing activities		(25,153,387)	(16,397,547)
Cash flows from investing activities			
Additions to property, plant and equipment	9	(1,314,743)	(1,404,027)
Proceeds from sale of property, plant and equipment		150,842	38,013
Interest received		41,836	353,295
Net cash used in investing activities		(1,122,065)	(1,012,719)
Net (decrease) / increase in cash and cash equivalents		(5,193,305)	7,678,644
Cash and cash equivalents, beginning of year		16,552,618	8,873,974
Cash and cash equivalents, end of year	4	\$ 11,359,313	16,552,618

See accompanying notes to consolidated financial statements.



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements

Year ended December 31, 2011 (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 was listed on The Bahamas International Securities Exchange.

The Company is a subsidiary of Heineken International B.V. ("Heineken"). 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.

Up to May 17, 2010, 53% of shares of the Company were owned by Heineken and the remaining 47% were owned by Associated Bahamian Distillers and Brewers Limited ("ABDAB"). By an agreement dated November 7, 1995, Heineken and ABDAB agreed that the profits of the Company would be shared between them on a 50:50 basis irrespective of their shareholdings in the Company. Heineken also gained the power to elect four of the seven board members, including the chairman of CBL, under this agreement. As a result of another agreement dated February 11, 2004, the Company entered into an agreement with Burns House Limited ("BHL" or "Principal Subsidiary"), Heineken, ABDAB and its principals whereby CBL gained the power to elect four of the seven board members of BHL. As a result, Heineken gained board control over BHL through CBL.

On November 16, 2009 Heineken entered into an agreement with ABDAB to purchase ABDAB's shares in the Company and in BHL. Approval for the transaction was granted by The Government of The Bahamas on the condition that Heineken offers 25% of the shares of CBL (after restructuring) to the Bahamian public before a date to be determined by The Government at a price per share equal to the gross consideration per share paid by Heineken in the acquisition plus the actual cost of the offering up to an agreed maximum of \$1,880,000. On May 17, 2010, the agreement took effect. Included in the agreement is a covenant under which ABDAB and related parties agreed not to compete with the CBL group of companies for a period of 5 years beginning May 17, 2010.

On July 14, 2010, Heineken contributed by way of contributed surplus its 60% interest (except for 1 share) in BHL to CBL, as a result of which BHL has become a wholly-owned subsidiary of CBL.

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.



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

(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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 5	Trade receivables
Note 6	Prepaid expenses and other assets
Note 7	Inventories
Note 8	Goodwill
Note 9	Property, plant and equipment
Note 10	Investment properties
Note 11	Intangible assets
Note 15	Commitments and contingencies
Note 24	Disposal of subsidiary
Note 25	Change in Group's interest in subsidiary without loss of control
Note 26	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*

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases. Subsidiaries are entities controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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 a controlling interest in a subsidiary is disposed of, the difference between the proceeds from the disposal and the carrying amount of the Group's interest in the subsidiary's assets and liabilities, plus the carrying amount of goodwill related to the subsidiary disposed of, is recognised in net income as a gain or loss on disposal.



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

3. Significant accounting policies (Continued)

(a) Basis of consolidation (Continued)

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 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 and bank loans.

Recognition

The Group recognizes 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 financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39.

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 accounts.

(e) Inventories

Inventories are stated at the lower of cost and net realizable 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 that relate to bringing the inventories to their present location and condition. Net



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

3. Significant accounting policies (Continued)

(e) Inventories (Continued)

realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) 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.

(g) 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 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 net 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.

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.



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

3. Significant accounting policies (Continued)

(g) *Property, plant and equipment (continued)*

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

Land	No depreciation
Buildings	15 to 40 years
Leasehold improvements	Over the lease term
Plant & machinery	5 to 30 years
Furniture, fixtures & equipment	3 to 25 years
Vehicles & transportation equipment	5 years
Capital work in progress	No depreciation

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

(h) *Investment property*

Investment property is measured using the cost model in accordance with International Accounting Standard 40. Investment property, which is property held to earn rental income and/or for capital appreciation is measured initially at its cost, including transaction costs.

Investment property includes land and buildings. Expenditure incurred to replace investment property is capitalized. Other subsequent expenditure is capitalized only when it increases the economic future benefits embedded in the investment property.

All other expenditure is recognised in the consolidated statement of comprehensive income as an expense as incurred.

Depreciation on the buildings is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful life of 30 years. No depreciation is charged on land.

(i) *Intangible assets*

Acquired computer software licenses are capitalized 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.

(j) *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.

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.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

3. Significant accounting policies (Continued)

(j) Impairment { Continued)

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. 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.

(k) Related parties

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

- (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. If the reporting entity is itself such a plan, the sponsoring employers are also 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).

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

3. Significant accounting policies (Continued)

(l) 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.

(m) Share capital

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

(n) 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 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.

(o) 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.

(p) 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.



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

(q) 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.

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.

(r) Finance income and costs

Finance income and costs are accrued on a daily basis using the effective interest rate method.

(s) Earnings per share

Earnings per share are based on consolidated net income attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding during the year as adjusted by the stock split outlined in Note 13.

(t) Dividends

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

(u) 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 organized 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.

(v) Standards and interpretations effective in the current period

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011, 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 2015 consolidated financial statements and could change the classification and measurement of financial assets. 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 (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

4. Cash and cash equivalents

	2011	2010
Cash on hand	\$ 57,230	67,260
Cash held with banks	11,302,083	16,485,358
Cash and cash equivalents	\$ 11,359,313	16,552,618

The Company has an overdraft facility of \$1,000,000 (2010: \$1,000,000) that bears interest at the rate of Bahamian prime plus 1.50% (2010: Bahamian prime plus 1.50%) per annum. As at December 31, 2011, \$Nil (2010: \$Nil) of the overdraft facility had been utilized. The facility is secured by a first fixed and floating demand debenture, stamped for at least the amount of the loans and other facilities with a power to up-stamp, incorporating a specific first charge over the property at Clifton Pier and a floating charge over all of the Company's assets and a negative pledge covering all assets plus acknowledged assignment of fire and all other risks/perils insurance, with loss payable to the bank as first mortgagee.

BHL has a secured overdraft facility of \$3,000,000 (2010: \$3,000,000) with no specific terms of repayment which bears interest at the rate of Bahamian prime plus 0.75% (2010: Bahamian prime plus 0.75%) per annum. As at December 31, 2011, \$Nil (2010: \$Nil) of the overdraft facility had been utilized.

The BHL facility is secured by the following provided to the Bank of Nova Scotia:

- Joint debenture and legal mortgage dated June 14, 1998, stamped to secure \$3,500,000 Burns House Limited to the Bank of Nova Scotia.
- Joint Supplemental debenture and further charge stamped to secure additional advances up to \$2,000,000.
- Joint Supplemental debenture and further charge stamped to secure additional advances up to \$2,000,000.
- Joint Supplemental debenture and further charge stamped to secure additional advances up to \$6,988,500.
- Certificate of up-stamping attached to the joint debentures and legal mortgage, stamped to secure additional advances of \$4,285,960.
- Amended and re-stated debenture and further charge executed by Burns House Ltd. dated September 11, 2003.

5. Trade receivables

	2011	2010
Trade receivables, gross	\$ 2,705,508	2,045,932
Allowance for doubtful debts	(919,020)	(786,907)
	\$ 1,786,488	1,259,025

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

5. Trade receivables (Continued)

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

	2011	2010
Current	\$ 1,585,814	1,134,866
Past due but not impaired	200,674	124,159
Past due and impaired	919,020	786,907
	\$ 2,705,508	2,045,932

Movement in the allowance for doubtful debts:

	2011	2010
Balance at beginning of the year	\$ 786,907	9,168,438
Increase in allowance	132,113	-
Reversal of allowance	-	(104,757)
Amounts written off as uncollectible	-	(8,276,774)
Balance at end of the year	\$ 919,020	786,907

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

	2011	2010
The Bahamas	\$ 1,494,992	1,078,645
United States of America	291,496	180,380
Balance at end of the year	\$ 1,786,488	1,259,025

6. Prepaid expenses and other assets

	2011	2010
Other receivables - related parties	\$ -	70,529
Other receivables - third parties	1,353,414	1,267,546
Prepaid expenses	875,408	739,427
Staff loans	343,249	106,869
	2,572,071	2,184,371
Allowance for doubtful debts	(445,730)	(480,730)
	\$ 2,126,341	1,703,641



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

6. Prepaid expenses and other assets (Continued)

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

	2011	2010
Balance at beginning of the year	\$ 480,730	-
Increase in allowance	-	480,730
Amounts recovered during the year	(35,000)	-
Balance at end of the year	\$ 445,730	480,730

7. Inventories

	2011	2010
Goods bought for resale	\$ 11,996,166	11,151,278
Raw materials and packaging	2,040,637	2,555,383
Finished goods	751,427	372,514
Work-in-progress	146,853	126,885
Spare parts	528,188	551,476
Other stock items	1,443,827	1,344,987
	16,907,098	16,102,523
Provision for obsolescence	(505,094)	(802,688)
	\$ 16,402,004	15,299,835

Movement in the provision for obsolescence:

	2011	2010
Balance at beginning of the year	\$ 802,688	770,951
Increase in provision	162,504	703,006
Inventories written off	(460,098)	(671,269)
Balance at end of the year	\$ 505,094	802,688

As outlined in Note 18, the cost of inventories recognised as an expense during the year was \$45,227,761 (2010: \$40,453,658).

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

8. Goodwill

Goodwill comprises the following:

	2011	2010
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:

WACC	9.50%
Expected annual long-term inflation	2.50%
Expected growth rate	-0.08%

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, 2011 and 2010.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

9. Property, plant and equipment

	Land	Building	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, 2009	5,868,850	28,010,045	2,089,939	31,769,728	12,733,307	1,620,058	254,269	82,346,196
Revaluation	798,110	(10,639,476)	-	-	-	-	-	(9,841,366)
Additions	-	-	-	-	-	-	1,404,027	1,404,027
Transfers	-	-	84,009	196,431	265,827	80,652	(626,919)	-
Disposals/write offs	(211,500)	(1,576,029)	-	(681,837)	(3,925)	(605,482)	-	(3,078,773)
Balance at December 31, 2010	\$ 6,455,460	15,794,540	2,173,948	31,284,322	12,995,209	1,095,228	1,031,377	70,830,084
Additions	-	-	-	-	-	-	1,314,743	1,314,743
Transfers	-	-	267,494	207,341	452,551	67,883	(995,269)	-
Disposals/Write Offs	-	-	-	(151,083)	(69,632)	(223,356)	-	(444,071)
Balance at December 31, 2011	\$ 6,455,460	15,794,540	2,441,442	31,340,580	13,378,128	939,755	1,350,851	71,700,756
Accumulated depreciation:								
Balance at December 31, 2009	-	12,365,648	1,527,322	19,240,847	10,814,865	1,167,804	-	45,116,486
Depreciation	-	905,105	181,506	1,286,984	622,387	168,225	-	3,164,207
Disposals/write offs	-	(862,630)	-	(608,197)	(2,398)	(560,449)	-	(2,033,674)
Revaluation	-	(12,408,123)	-	-	-	-	-	(12,408,123)
Balance at December 31, 2010	\$ -	-	1,708,828	19,919,634	11,434,854	775,579	-	33,838,896
Depreciation	-	457,649	194,512	1,391,798	482,957	139,120	-	2,666,036
Disposals/write offs	-	-	-	(8,408)	(54,190)	(129,642)	-	(192,240)
Balance at December 31, 2011	\$ -	457,649	1,903,340	21,303,025	11,863,621	785,057	-	36,312,692
Net book value: -								
December 31, 2011	\$ 6,455,460	15,336,891	538,102	10,037,555	1,514,507	154,698	1,350,851	35,388,064
December 31, 2010	\$ 6,455,460	15,794,540	465,120	11,364,688	1,560,355	319,648	1,031,377	36,991,188

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

9. Property, plant and equipment (Continued)

The latest revaluation of land and buildings was done on December 31, 2010 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 (2010: \$1,689,070) and of buildings would have been \$7,082,767 (2010: \$7,978,312).

Pursuant to the November 16, 2009 agreement between Heineken and ABDAB outlined in Note 1, in 2010, certain land and buildings were derecognised and charged to Heineken at their carrying amount of \$905,578.

10. Investment properties

	2011	2010
Cost:		
Balance at January 1	\$ -	8,416,793
Disposals	-	(8,416,793)
Balance at December 31	\$ -	-
Accumulated amortisation:		
Balance at January 1	\$ -	1,485,847
Depreciation	-	78,169
Disposals	-	(1,564,016)
Balance at December 31	\$ -	-
Net book value	\$ -	-

Investment properties comprised land and buildings located in Nassau, Bahamas as follows: (1) Trinity Place on the south-western corner of West Bay Street and St. Alban's Drive; (2) Burns House Building, Bay & Charlotte Streets; and (3) Burns House, John F. Kennedy Drive.

Pursuant to the November 16, 2009 agreement between Heineken and ABDAB outlined in Note 1, in 2010 investment properties were derecognised and charged to Heineken at the carrying value of \$6,852,777.

Prior to disposal, the Group earned total income of \$Nil (2010: \$409,211) from the investment properties. Direct operating expenses which generated rental income amounted to \$Nil (2010: \$359,805).

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

11. Intangible assets

Intangible assets consist of computer software as follows:

	2011	2010
Cost:		
Balance at January 1 and December 31	\$ 3,277,317	3,277,317
Accumulated amortisation:		
Balance at January 1	\$ 2,604,179	2,308,790
Amortisation	214,181	295,389
Balance at December 31	\$ 2,818,360	2,604,179
Net Book Value	\$ 458,957	673,138

12. Accounts payable and accrued expenses

Accounts payable and accrued expenses comprise the following:

	2011	2010
Accounts payables - third parties	\$ 5,886,566	5,709,339
Accounts payables - related parties	1,240,052	355,926
Accrued liabilities	6,720,635	4,907,198
	\$ 13,847,253	10,972,463

13. Share capital

On September 21, 2010 the shareholders of the Company approved the conversion of the Class "A" and "B" shares to one class of ordinary shares and declared a 20 for 1 stock split of the Company's ordinary shares. The shareholders further approved a change in the par value of the ordinary shares from \$0.10 to \$0.005 for each share. 5,590,600 ordinary shares were issued to Heineken for cash on September 30, 2010. As result, the revised authorised share capital of the Company is \$150,000 (2010: \$150,000) divided into 30,000,000 (2010: 30,000,000) shares of \$0.005 (2010: \$0.005) each.

Issued and fully paid share capital at December 31:

	No. of shares	Amount
2010 and 2011:		
Ordinary shares of \$0.005 each	30,000,000	\$ 150,000

Class 'A' and class 'B' shares ranked pari passu in all respects, except that the dividend on the class 'B' shares was limited to all dividends received by the Company from BHL.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

14. Revaluation surplus

As discussed in Note 9, the latest revaluation of land and buildings carried out by an independent appraiser resulted in a surplus of \$2,566,757.

The movement in revaluation surplus is as follows:

	2011	2010
Balance at January 1	\$ 4,269,587	1,702,830
Surplus arising on revaluation	-	2,566,757
Balance at December 31	\$ 4,269,587	4,269,587

15. Commitments and contingencies

Commitments - The Group's commitments on leases are as follows:

	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
2011	\$ 1,931,110	1,460,132	1,606,571	247,704	5,245,517
2010	\$ 1,316,408	861,861	597,762	362,836	3,138,867

Commitments and contingencies other than lease commitments are as follows:

At December 31, the Group was contingently liable under customs bond guarantees totalling \$805,100 (2010: \$805,100).

At December 31, the Group was contingently liable under standby letters of credit totalling \$1,288,500 (2010: \$1,288,500).

At December, the Group had capital commitment of \$344,562 (2010 - \$Nil).

Pending Litigation - Legal proceedings are pending against the Group. Management considers that the aggregate liability resulting from these proceedings will not be material.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

16. Balances and transactions with related parties

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

	2011	2010
<i>Balances with parent (Heineken)</i>		
Other receivables (Note 6)	\$ -	27,953
Accounts payable (Note 12)	1,083,167	259,411
<i>Transactions with parent (Heineken)</i>		
Management fees (Note 18)	-	325,562
Know-how fees (Note 18)	399,108	296,887
Royalties (Note 18)	414,318	574,953
IT related fees (Note 18)	58,857	73,030
Other expenses (Note 18)	-	41,764
Directors' fees (Note 18)	32,300	36,000
Dividends paid	5,625,000	19,130,024
Contributed surplus (Note 25)	-	16,351,369
<i>Balances with affiliates</i>		
Other receivables (Note 6)	34,985	42,576
<i>Transactions with affiliates</i>		
Purchases of inventories (Note 18)	639,614	1,255,539
Dividends paid	-	7,137,500
Rental income (Note 17)	-	870,917
Rental expense (Note 18)	-	190,000
IT related fees (Note 18)	593,700	-
Supply chain fees (Note 18)	151,125	145,658
Directors' fees (Note 18)	28,000	13,333
Sales to directors	-	42,284
Loss on disposal of vehicles (Note 9)	88,315	-

IT related fees, supply chain fees and other fees are charged by Heineken and other Heineken group entities as incurred.

Compensation of key management personnel

During the year, key management personnel received compensation amounting to \$2,002,981 (2010: \$1,374,243), including short-term employee benefits of \$1,929,516 (2010: \$1,289,682), and post employment benefits of \$73,465 (2010: \$84,561).

Included in key management costs are costs relating to a Long Term Incentive Plan. This is a share based plan which provides senior employees of Heineken NV shares based on the performance of the Heineken Group as a whole. The amount recognised in personnel cost amounted to \$51,526 (2010: \$26,719).

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

17. Other income

	2011	2010
Rental income	\$ -	1,047,288
Exchange loss	(85,648)	(90,146)
Loss on disposal of property, plant and equipment	(12,674)	(98,509)
Gain on disposal of subsidiary (Note 24)	-	345,004
Miscellaneous income	1,414,882	1,114,605
	\$ 1,316,560	2,318,242

18. Raw materials, consumables and services

	2011	2010
Cost of inventories (including related import duties) \$	43,981,742	40,453,658
Excise duties and taxes	12,877,498	11,793,778
Distribution and marketing expenses	5,091,157	5,079,866
Occupancy expenses	3,148,533	3,097,834
Utilities	3,521,784	2,855,409
Royalties	1,809,565	1,935,353
Bad debt expense	97,113	375,973
Insurance	1,170,106	1,547,622
Repairs and maintenance	1,689,815	1,960,909
Management fees	-	325,562
Know-how fee	399,108	296,887
Other expenses	5,276,323	4,043,300
Total	\$ 79,062,744	73,766,151

Up to May 17, 2010, the Company paid a fixed management fee to Heineken of \$850,000 per annum. The fixed fee was paid quarterly in arrears. With effect from May 18, 2010, the Company entered into an agreement with Heineken to pay 0.4% per annum of revenue to Heineken as a know-how fee.

19. 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% 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 to the plan included in personnel costs was \$152,568 (2010: \$167,480).

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 (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

19. Employee pension plans (Continued)

BHL has a defined contribution plan for eligible employees. The employees contribute 3% of gross salary, and BHL contributes 3% 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 \$144,918 (2010: \$187,496).

20. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the consolidated net income attributable to owners of the Company divided by the weighted average no. of ordinary shares outstanding during the year adjusted for the stock split described in Note 13.

	2011	2010
Net income attributable to owners of the Company	\$ 17,320,319	19,216,057
Weighted average no. of shares	30,000,000	25,827,050
Basic and diluted earnings per share	\$ 0.58	0.74

21. Dividends

Dividends declared and paid by the Company and BHL were as follows:

	CBL	BHL	Total
2011	\$ 25,153,387	6,498,568	31,651,935
2010	\$ 11,789,000	14,478,524	26,267,524

In 2010, dividends paid by BHL and CBL were paid directly to the shareholders, Heineken and ABDAB. Included in dividends paid by BHL in 2010 is a dividend in specie amounting to \$11,567,524.

In 2011 BHL paid dividends to CBL. The amount paid directly to shareholders by CBL amounted to \$25,153,387. This amount included \$7,500,000 interim dividends for 2011.

22. Changes in non-cash working capital

	2011	2010
Change in trade receivables	\$ (659,576)	2,236,559
Change in prepaid expenses and other assets	(387,700)	(1,560,520)
Change in inventories	(1,264,673)	1,077,172
Change in accounts payable and accrued expenses	2,874,790	(977,332)
	\$ 562,841	775,879



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

23. 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.

	Percentage (%) Owned	
	2011	2010
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

24. Disposal of subsidiary

Pursuant to the November 16, 2009 agreement between Heineken and ABDAB outlined in Note 1, 7 shares representing a 70% interest in Trinity Limited ("Trinity"), one of the Company's indirectly owned subsidiaries, were transferred at the direction of Heineken to ABDAB. Heineken agreed to compensate BHL, the parent of Trinity, for the loss of the asset owned by Trinity which consisted of one investment property at its carrying amount of \$1,212,023.

25. Change in Group's interest in subsidiary without loss of control

As outlined in Note 1, Heineken acquired the non-controlling interest in BHL on May 17, 2010. In accordance with IAS 27, this transaction has been accounted for as a transaction with equity holders in their capacity as equity holders. As a result, no gain or loss on such changes was recognised in consolidated net income and no change in the carrying amounts of assets and liabilities was recognised on this transaction. The derecognition of the non-controlling interest in BHL has been recorded as contributed surplus.

26. 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.



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

26. Financial instruments and associated risks (Continued)

(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 optimizing 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 Euro. 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 \$478,887 (2010: \$639,463).

The average exchange rate between the B\$ and the Euro was B\$1 = Euro 0.72 (2010: B\$1 = Euro 0.75). The spot rate at December 31, was B\$1 = Euro 0.77 (2010: B\$1 = Euro 0.75).

Sensitivity analysis

A 10 percent strengthening of the B\$ against the Euro at December 31, would have increased equity and net income by approximately \$47,889 (2010: \$63,946). 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 long-term 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.

Interest rates on all borrowings are tied to the Bahamian prime rate, which at the reporting date was 4.75% percent per annum and was reduced by 75 basis points in 2011.

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.

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

26. Financial instruments and associated risks (Continued)

(b) Credit risk (Continued)

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

	2011	2010
Cash held with banks	\$ 11,302,083	16,485,358
Trade receivables	1,786,488	1,259,025
Other receivables	907,684	857,345
Staff loans	343,249	106,869
	\$ 14,339,504	18,708,597

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 \$11,302,083 (2010: \$16,485,358) was deposited with regulated financial institutions. Accordingly management considers this to bear minimal credit risk.

(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.

A maturity analysis of financial liabilities is as follows:

At December 31, 2011	Carrying Amount	Contractual cash flows	On demand	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued expenses	\$13,847,253	13,847,253	-	13,847,253	-	-	-	-
	\$13,847,253	13,847,253	-	13,847,253	-	-	-	-

At December 31, 2010	Carrying Amount	Contractual cash flows	On demand	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued expenses	\$10,972,463	10,972,463	-	10,972,463	-	-	-	-
	\$10,972,463	10,972,463	-	10,972,463	-	-	-	-

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

27. 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

		2011	2010
Wholesale	\$	97,748,759	93,090,367
Retail		33,900,768	34,425,855
Production		48,451,544	47,002,915
	\$	180,101,071	174,519,137

Inter-segment revenue

		2011	2010
Wholesale	\$	19,220,741	19,204,423
Retail		-	-
Production		47,471,129	45,939,041
	\$	66,691,870	65,143,464

Revenue from external customers

		2011	2010
Wholesale	\$	78,528,018	73,885,944
Retail		33,900,768	34,425,855
Production		980,415	1,063,874
	\$	113,409,201	109,375,673

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

		2011	2010
Wholesale	\$	4,376,597	5,441,162
Retail		3,540,657	3,460,869
Production		9,403,065	11,348,026
	\$	17,320,319	20,250,057

COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

27. Segment information (Continued)

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

	2011	2010
Wholesale	\$ 21,633,550	19,051,501
Retail	3,850,260	3,466,750
Production	28,662,249	31,619,142
Total segment assets	54,146,059	54,137,393
Unallocated	17,862,350	22,829,294
Total assets	\$ 72,008,409	76,966,687

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:

	2011	2010
Wholesale	\$ 7,065,074	6,148,015
Retail	1,319,896	797,677
Production	5,462,283	4,026,771
Total segment liabilities	13,847,253	10,972,463
Unallocated	-	-
Total liabilities	\$ 13,847,253	10,972,463

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

	2011	2010
Wholesale	\$ 273,419	150,136
Retail	481,445	409,020
Production	559,879	844,871
	\$ 1,314,743	1,404,027



COMMONWEALTH BREWERY LIMITED

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 (Expressed in Bahamian dollars)

27. Segment information (Continued)

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

	2011	2010
Bahamas	\$ 112,429,671	108,312,454
United States	979,530	1,063,219
	\$ 113,409,201	109,375,673

Included in revenues arising from direct sales from the Group's wholesale segment to its customers is \$18,773,406 (2010: \$18,165,498) which arose from sales to the Group's top five customers.

28. 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.

29. 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 shareholder's meeting.



Commonwealth Brewery Limited
Clifton Pier
P.O. Box N-4936
Nassau, Bahamas

Produced by DP&A, Nassau, Bahamas