



COMMONWEALTH BREWERY LIMITED

THE BAHAMAS

Part of the  **HEINEKEN** Company



2014 ANNUAL REPORT

VISION STATEMENT

Commonwealth Brewery Limited is committed to being the leading Bahamian beverage company, achieving sustainable profitable growth through passion for people, quality and service.

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This Annual Report contains some forward-looking statements which readers should be cautious of when interpreting. Forward-looking statements are based on a variety of unavoidable assumptions and changes in these assumptions could cause actual results to differ materially from stated expectations.

ANNUAL REPORT 2014



**COMMONWEALTH
BREWERY LIMITED**

THE BAHAMAS

Part of the  **HEINEKEN** Company

Introduction

The Commonwealth Brewery Limited Annual Report 2014 combines a look back at the past fiscal year with a preview of what lies ahead.

We present it with both gratitude and pride, gratitude for the loyalty that has helped make this company an integral part of the Bahamian economy, accounting for some 2% of all economic activity. And we present it with pride because we believe that in community outreach, environmental sustainability and consistency in excellence of product delivery, Commonwealth Brewery Limited has achieved a position of hard-earned and well-deserved respect in the corporate and broader world.

But most importantly, we present this report with a sense of excitement about the future. The plans for the next 3-5 years are so transformative that we believe the new Commonwealth Brewery inclusive of Burns House retail stores will play an even more significant role in the national economy, as a partner in the Family Islands and as a valuable and worthy investment for you, our shareholders.

Financial Highlights

BSD '000	2014	2013	2012	2011	2010	2009	2008
Volume ('000 hectoliters)	196	196	199*	187	187	203	213
Revenue	124,157	119,124	118,468	113,409	109,376	111,833	113,831
Result from operating activities	18,171	19,145	19,297	17,278	19,943	16,104	14,747
Earning per share (cts)	0.61	0.64	0.64	0.58	0.74	0.57	0.46
Assets	74,254	70,163	73,280	72,008	76,967	83,363	83,165
Long term liabilities	nil	nil	nil	nil	nil	nil	1,652
Dividends	18,300	19,200	17,400	25,153	26,268	6,850	10,250
Capital expenditure	2,758	1,721	2,445	1,314	1,404	1,885	5,236
Employees (FTE)	402	385	381	390	384	390	408

* Volume 2012 restated including Free Product



Commonwealth Brewery Limited History

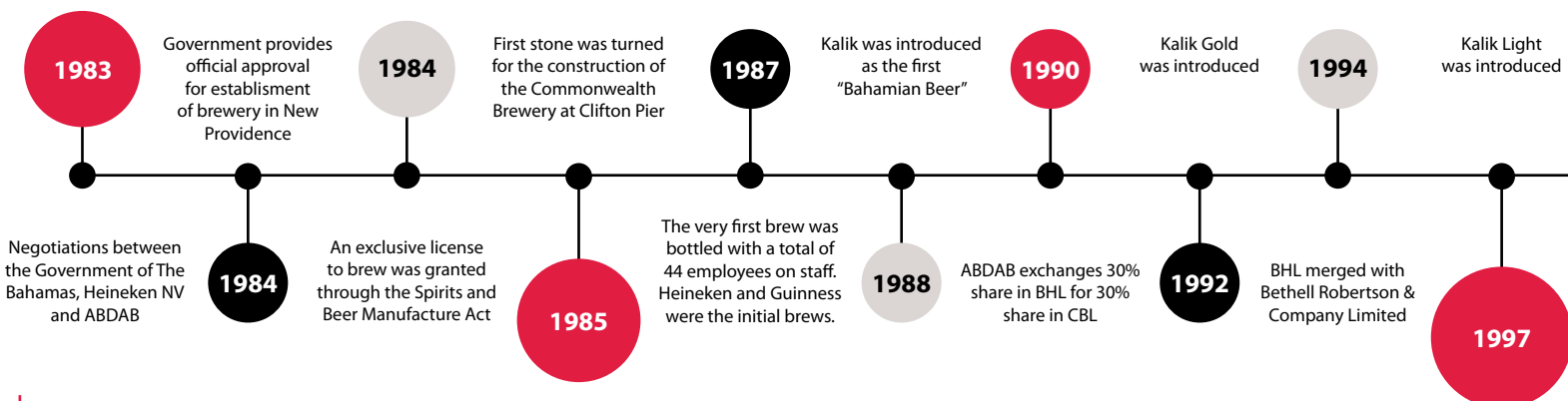
After several years of negotiations, Heineken NV and Associated Bahamas Distillers and Brewers (ABDAB) came to an historic agreement on November 17, 1983 to form what would eventually become Commonwealth Brewery Limited (CBL). Eleven months later, the Government of The Bahamas gave the official approval 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.

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 1987, 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.

In 1985, construction of the country's first brewery

A supplier-distributor partnership between CBL



“ The purpose of business is to create and keep a customer. ”

*Peter F. Drucker
Author*

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.

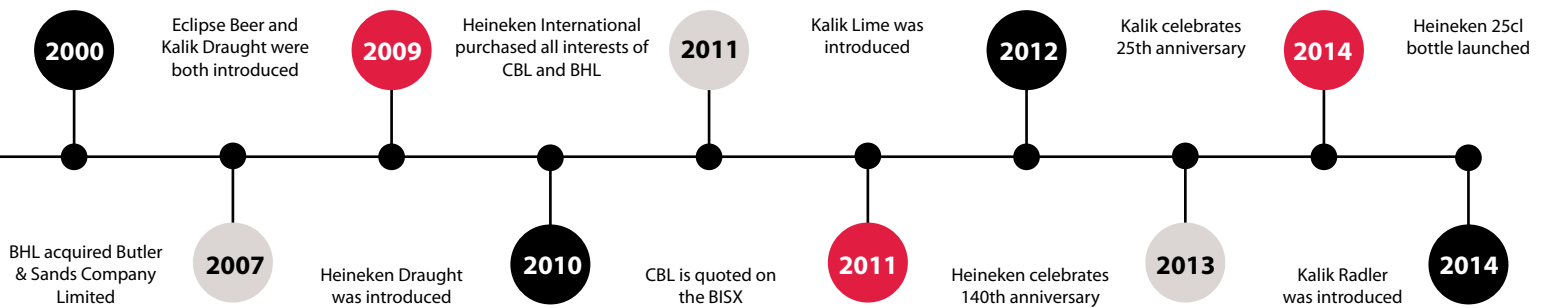
In 1994, BHL merged its operations with its parent company's subsidiary, Bethell Robertson & Company Limited, making it possible for the fortified distributor to acquire its main competitor Butler & Sands Company Limited in 2000. Each expansion equipped BHL with new product lines, operational efficiencies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

The company employs over 380 and reaches more than 800 customers across nine islands.



Commonwealth Brewery Limited Director's 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 Bachelor's (with special honours) and Master's degrees in Finance from New York University.

Hans Neven

Managing Director

Mr. Neven is the Managing Director of Commonwealth Brewery Ltd. With more than 14 years' experience with Heineken NV, Mr. Neven has led an impressive turnaround in the organization's newly acquired operations, creating winning and challenging teams which delivered strong and sustainable year on year topline and market share gains, resulting in impressive financial results. Mr. Neven holds a Master's degree in Business Administration from The Free University of Brussels.

Ed Fields

Mr. Fields is the Senior Vice President of Retail Services and Public Affairs for Atlantis and General Manager of Ocean Club Estates and Golf Course. He serves as Managing Director of the Downtown Nassau Partnership and as Commissioner of the Bahamas National Festival Committee. Mr. Fields 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.

Dennis Hanna

Mr. Hanna is the Retail Director for Burns House Limited. He has more than 24 years' experience with the Burns House Group of Companies in various capacities: Brand Manager, Logistics Manager and Supply Chain Manager. He presently serves as a member of the Vestry for Epiphany Anglican Church. Mr. Hanna holds a Bachelor of Science Degree in Accounting from Elmira College.



Julian W. Francis

Hans Neven

Ed Fields

Radovan Sikorsky

Mr. Sikorsky, CFO of Heineken Americas Region in New York, has been working with Heineken for the last 14 years. He has held Finance Director roles in Poland, Hungary and Slovakia. Prior to joining Heineken, Mr. Sikorsky was a Senior Audit Manager with KPMG. He is a South African Chartered Accountant, and holds an Honours degree in Accounting.

Eugene Ubalijoro

Mr. Ubalijoro is the Managing Director of Heineken Caribbean & American Export. He has had a varied career with Heineken since joining in 1990 as the first African international trainee. In 1995, Mr. Ubalijoro 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.

Cecile Sheena Williams-Bethel

Ms. Williams-Bethel serves as Senior Deputy Director with responsibility for the Operations Division at the National Insurance Board. She began her more than 20 year career with NIB as a Programmer/Analyst in the Information Technology Department in 1990, and has held a range of managerial positions. Ms. Williams-Bethel holds a Bachelor's degree in Computer Science from Acadia University. She serves as 1st Vice-President of the American Commission on Organization and Administrative Systems, (CAOSA), a commission working out of the Inter-American Conference on Social Security (CISS).

“ As a company, we pledge to earn your trust as investor, client, staff member, vendor and community partner. ”

*Julian Francis
Chairman of CBL*



Dennis Hanna

Radovan Sikorsky

Cecile Sheena Williams-Bethel

Eugene Ubalijoro



Chairman's Message

Three years ago, when Commonwealth Brewery published its first annual report, the company was the new entry on the Bahamas International Securities Exchange, BISX, having concluded an IPO in April 2011 that split ownership between Heineken, which held 75% of the shares, and some 3,000 Bahamian individual and institutional investors who now hold 25%. It would be the first time that Bahamians had the opportunity to own the company that was not only the largest brewer and distributor of spirits, but the manufacturer of Kalik, the Beer of The Bahamas. With a challenging economy still looming, tourism figures less than optimal, and operating costs continuing to escalate, despite constant vigilance and prudence, the responsibility to shareholders weighed heavily upon all of our shoulders and figured prominently in all of our decisions. At every board meeting, at the management level, during training and safety sessions and quality inspections, throughout sustainability monitoring and commitment to community, earning shareholder loyalty, customer satisfaction and employee pride was always top of mind.

Three years later, we are extremely pleased to advise that the decisions taken have placed your company in a very sound position. CBL is now the third largest company on BISX, with 51 stores in the retail division, 395 employees and more than 70 labels to honour. Shareholder value has continued to climb gradually, but steadily, and dividends have been paid on a regular basis. Your company now represents 2% of the nation's GDP and 3% of the labor force through direct and indirect jobs.

While there is a lot to be proud of, we are very cognizant of our need to continue to evolve. Increasing competition in all different categories, beer, wines and spirits, is heating up the market. In order to retain and to gain market share, we will, over the next 12 months and beyond, make serious investments in our retail stores, in technology and in our people. We have set aside funds for education and as you will see in the Highlights, increased investing activities year over year by nearly 70%. There are more changes on the horizon as we take this journey together, continuing to earn our position in the community, to be an ever more valuable part of the Bahamian society and economy.

We invite you to join us on the next three years and beyond as we look forward to innovation with integrity that will continue to place your company in a solid position, to serve the demands of a high-end resort and financial services based economy, satisfying the expectations of current clients, the new Baha Mar resort and several new Family Island developments coming into operation. We pledge to further strengthen our connection with the Family Islands and to prepare for the high impact we will unveil in the very near future.

I take personal pleasure and invite you to join me in welcoming our new Managing Director, Hans Neven. With more than 14 years' experience with Heineken NV and with a natural affinity for The Bahamas which he experienced from the moment he and his family landed in Nassau, Hans brings new vision, dedication to teamwork and high energy to the position. I wish also to again thank each member of our dedicated team of employees for their invaluable role in our continued success.

As a company, we pledge to earn your trust as investor, client, staff member, vendor and community partner in everything we plan and execute and we value you, our shareholder, for whom this effort is a pleasure and an honour.



Julian Francis
Chairman

Commonwealth Brewery Limited Managing Director's Report

The year 2014 held numerous highlights and several important changes for Commonwealth Brewery.

Among the most noteworthy was change in management at the top executive level. After three years of guidance as the second Managing Director of the newly publicly-held company, Nico Pinotsis retired and returned to his homeland abroad. His departure was my good fortune and after having lived in several countries on various continents, I landed in The Bahamas in September of 2014 and immediately felt at home. I was excited to find a company that was so much a part of the local culture, particularly with regard to the place of Kalik in the hearts, minds and part of the lifestyle of Bahamians. But I was even more excited when I began to explore what is unfolding as the untapped potential for growth, branding, marketing, production and operations that could enable us to develop top line growth, boost revenue, reduce costs, increase community partnership

and continue to build shareholders' value.

First, a review of the 2014 highlights. Commonwealth Brewery invested \$2.9 million in 2014, up from \$1.7 million the previous year. Much of that investment was essential to prepare our future in equipment for production, distribution and our retail division.

Financial performance was strong thanks to extreme care and monitoring of expenses, including a reduction in waste and an increase in recycling, both of which are ecologically important, reducing Commonwealth Brewery's footprint on a fragile environment. Despite challenges with the recycling plant, around 60% of all bottles used in our production are recycled.

Total revenue as of December 31, 2014 stood at



\$124.2 million, which is over \$5 million compared to fiscal year end 2013. Earnings per share declined slightly from \$0.64 to \$0.61, but share price – indicative of shareholder confidence – continued to climb. The company paid out \$19.2 million in dividends in 2014 (Final dividend 2013 and Interim dividend 2014).

Commonwealth Brewery also maintained its position as an employer of choice and creating new jobs, ending the year with 395 employees. The company operates 51 stores and represents more than 70 brands, retaining its position as the market leader in beer, wines and spirits in The Bahamas.

Very significantly, Commonwealth Brewery Limited remained a debt-free company with \$74.3 million in assets, an increase over the \$70.2 million of 2013.

While the figures speak to a stable corporation respected in the community and geared for growth, the numbers tell only part of the story.

Unfortunately and despite all the efforts and initiatives taken to increase safety and healthy conditions in the different work environments, the company had to report a tragic car accident of one of its long-time staff members, who is sadly missed.

Yet the year gave us many reasons for celebration. We put The Bahamas on the Heineken international map with conferences and interaction with our staff and partners. We celebrated accomplishments of the Commonwealth Brewery team, including a promising Bahamian, Barrington Archer, who received training in Mexico, Nigeria and Amsterdam, equipping him for a top management position within the Kalik brand. We have also undertaken an annual review of all managers with a view toward identifying those who may qualify for additional training in our International Graduate Program, which Barrington Archer is completing this year. In the months that I'm in charge of this company, I have discovered amazing talents in this company and look forward to making additional training opportunities available.

We also stepped up our education involvement in 2014. Among other contributions and partnerships, we donated 23 computers to schools and three organizations, including the Bahamas

Crisis Centre. We also remained committed to sponsorships, including the IAAF World Relays, and to the hosting of hugely successful events such as Beer Fest 2014 and Junkanoo.

With the appointment of a Safety, Health and Environment Manager, we continued our important road safety campaign in conjunction with the Ministry of Transport & Aviation and the Royal Bahamas Police Force. In 2015, that program will be extended to several Family Islands. And I pledge my personal support to cementing relationships and providing additional support and value for our Family Island partners, proved by my several trips to the different islands. We also remained dedicated to the product that accounts for so much of our success and our identity, Kalik. Although the market for domestic beer was being squeezed from above and below, Kalik, the Beer of The Bahamas, remained the clear favourite in the country. To protect that enviable position, the company has demonstrated its commitment to living up to and exceeding market expectations. In May, we launched Kalik Radler, a 2% alcohol content beer with natural lemon juice, which received a warm reception by a thirsty public. This product boosted our Kalik offerings to five and helped secure the positioning of the home-grown brew that makes a date with conch salad complete.

We are equally proud of our accomplishments with Guinness:

“For the third year in a row, CBL received the Guinness Excellence Award and was once again ranked first of 12 breweries in the region.”

Looking ahead, we are enthusiastic but also realistic. The total impact of Value Added Tax, VAT, introduced at 7.5% on January 1, 2015, is still unclear. We do know that it drives up local costs, but Commonwealth Brewery has committed itself to limit, as much as possible, its impact to our Bahamian consumers. An increase in license fees also contributed to the cost of doing business.

On the positive side, the opening of Baha Mar holds great promise, and we wish the developers,



investors and staff every great success. While those external factors influence results, we at Commonwealth Brewery believe that what we do internally is of equal if not greater importance in ensuring shareholder value. Thus, plans for the future are nothing less than exciting, a word you do not always see in an annual report and which expresses our passion.

In 2015, the company will undergo a restructuring, all the way through the team to the top executive spot. The goal is to bring out the best in each member of staff, increase decision making and accountability, creating opportunities and reward performance. We will institute a program of high values, high standards and high quality. You will see new products introductions that are an offshoot of popular brands and additional marketing and sales events. A dedicated sales team will be set up, aligned with the company strategy. The education fund will grow along

with new corporate responsibility initiatives, particularly with emphasis on the environment. Retail strategy is being analyzed and will be improved.

And for those of you who purchased shares since the company went public in 2011, we are confident that you appreciated the share value increase of 22.3% in 2014. We are committed to continue to deliver products that bear the Commonwealth Brewery stamp of quality, develop competitive teams, and deliver results that exceed expectations through passion for people, quality and service.

Hans Neven
Managing Director





“ We are committed to always deliver products that bear the Commonwealth Brewery stamp of quality. ”

Hans Neven
Managing Director of CBL

Management Discussion & Analysis

This management discussion and analysis (MD&A) should be read in conjunction with the audited consolidated financial statements for the year end December 31, 2014 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 March 19, 2015.

The MD&A might from time to time contain forward-looking statements. Readers should be cautious in interpreting these statements. Forward-looking statements involve numerous assumptions. Changes in these assumptions could cause actual results to differ materially from the expectations in those statements.

Financial performance

Revenue in 2014 significantly increased by +4.2% compared to 2013 (\$124.2 vs \$119.1), despite almost stable sales volume (-0.2%). The revenue performance is mainly explained by price increases on beers and spirits. This positive top line result was reversed by higher input costs, mainly products bought for resale with higher import duties on European products and higher

transportation cost, which resulted in a slight reduction in net income for the year.

The volume performance in the first half of the year was negative, reflecting sluggish market conditions, higher parallel imports of both spirits and imported beer brands. But in the second half of the year the company's performance was strong, with a middle single digit volume growth. This was partly due to successful promotions and new product introductions.

The revenue growth did not flow to the net income due to the increase in raw materials, consumables and services. The cost of inventories experienced an upturn (\$5.4 million), as a result of higher prices from suppliers and import duty increases.

During 2014 the company experienced an uptick in operating expenses driven by higher personnel cost (\$0.9 million). The rest of the costs were overall under control.

The increase in excise duties and taxes was



related both to the mid-year increase in 2013 of excise duties on locally manufactured spirits and a volume increase of locally produced beer.

Distribution and marketing expenses were below last year, as 2013 was an exceptional year with Kalik's 25th anniversary.

Despite utility rate increases, the company was able to keep costs stable thanks to exceptional energy management. In addition savings were realized through better repair and maintenance budget management.

Personnel costs increased from \$16.3 million to \$17.2, mainly due to salary increases and the additional employment.

Commonwealth Brewery remained debt-free with \$7.1 million in cash and equivalents following a \$7.5 million interim dividend payment to shareholders in December 2014.

The increase in the cash and equivalents aggregate was mainly the result of better working capital management with improved payable and receivable accounts.

Investments in 2014 increased by 70% compared with the previous year, confirming Commonwealth Brewery's commitment to the Bahamian economy. The net cash used for investment activities amounted to \$2.9 million.

On top of this Commonwealth Brewery continued

to invest in brands and people in 2014, in order to be well prepared for the future.

Results from operations

Results from operating activities amounted to \$18.2 million, \$0.97 million below 2013 and close to net income, as the company has minor finance costs.

In an unfavorable economic environment, Commonwealth Brewery's sales volumes decreased slightly and revenue ended up 4.2% higher than 2013. Net income was 5.1% below the previous year.

Consolidated statement of financial position

Cash and cash equivalents amounted to \$7.1 million at December 31st 2014 (+\$0.4 million or +5.5% compared to 2013). This was mainly the result of an improvement in the changes in non-cash working capital (+\$ 1.6 million) explained by better management in accounts payable.

Based on a cash surplus, the company decided to pay a \$7.5 million interim dividend in December 2014.

Property, plant & equipment and intangible assets increased by \$3.0 million and \$0.1 million respectively. The company remains committed to future investments.

Liquidity

Commonwealth Brewery's cash flow generation from operating activities in 2014 amounted to \$22.5 million, of which \$2.9 million was used for investments. The remaining cash flow was allocated to dividend payout.

Under stable market conditions, the company does not experience major fluctuations in liquidity, due to working capital requirements or development activities. 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 14 and 23(c) of the disclosures to the consolidated financial statements and relates mainly to accounts payable obligations and operating leases. The company'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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

and payout ratio for any dividend remains the discretion of the Board of Directors and is subject to approval at the Annual General Meeting of shareholders.

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

Off balance sheet arrangements

As of December 31, 2014 the company had no off balance sheet arrangements with any parties. Note 14 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 one to five years. The main contingent liabilities are related to customs bond guarantees and standby letters of credit.

Contractual Obligations 2014	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	4,584,477	1,711,680	1,371,682	1,013,866	487,249
Purchase obligations	NIL	NIL	NIL	NIL	NIL
Account payable and accrued expenses	12,431,642	12,431,642	NIL	NIL	NIL
Total contractual obligations	17,016,119	14,143,222	1,371,682	1,013,866	487,249

Capital resources

At December 31, 2014, Commonwealth Brewery had no material commitment of capital resources in place. The company generates sufficient cash from operations for its needs.

In 2014, the Group had access to \$1 million overdraft facilities with local banks, as well as a \$2 million unsecured loan facility with one of the affiliates for contingency purposes. At December 31, 2014 these facilities were not used throughout 2014.

The dividend policy of Commonwealth Brewery is to distribute 100% of net income. The frequency

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 fee. The amounts related to these transactions are specified in note 15 of the consolidated financial statements.



Critical accounting estimates and policies

Notes 2 and 3 of the consolidated financial statements detail the significant accounting policies and estimates of Commonwealth Brewery. Management considers none of these accounting policies and estimates to be critical, meaning that the policies and estimates 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 on goodwill annually. The company carries net \$4,487,242 in goodwill, resulting from the acquisition of 100% ownership interest in Butler & Sands Company Limited in the year 2000. Goodwill by nature is subject to the risk of impairment if key assumptions like the projected sales volume of acquired wine and spirits brands change. However, using reasonable expectations only a limited change in key assumptions would occur, and this would not cause a material impact on results.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these

consolidated financial statements. None of these is expected to have a significant impact on the consolidated financial statements of the Group except for IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2018 consolidated financial statements and could change the classification and measurement of financial instruments. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.



Executive Management Team

Pictured left to right:

Back row: Dennis Hanna, Retail Director; Rodrigo Galan, Finance Director; Habbo de Vaere, Sales Director; Teus Van Dieren, Brewery Director; Brent Ferguson, Partnerships & Key Accounts Director.

Front row: Lino Villarreal, Marketing Director; Hans Neven, Managing Director; Denise Barnes, Human Resources Director.

Corporate Social Responsibility

Education & Development

Commonwealth Brewery remains committed to the professional development of young people. The Company continued to invest in our Regional Management Trainee, Barrington Archer who successfully completed assignments in Amsterdam and Mexico in 2014. Additionally we continued to support the St. Andrews' School to ensure a deserving student is afforded access to the best possible education.

Responsible Consumption

Commonwealth Brewery's recognition of the importance of promoting responsible consumption, in partnership with the Road Traffic Department, erected numerous signs throughout New Providence. Signs were also erected in Abaco, Grand Bahama and Eleuthera.

All advertising for any and all of the alcohol-based

brands the company brews and/or distributes included a 'responsible consumption' message.

In addition to the above-mentioned efforts, Commonwealth Brewery continuously educates all of its employees on its Internal Alcohol Policy and trains its commercial team in promoting the responsible consumption message.

Charity

Commonwealth Brewery's 2014 charity focused again on sectors such as health, education and culture. The support of organizations such as Bahamas AIDS Foundation, REACH Autism Awareness, Bahamas Red Cross Society, The College of The Bahamas and Bel Canto Singers heralds the company's ongoing commitment to programs and causes that exemplify its long standing value of Respect for individual, society and the planet as a corporate citizen, business partner and employer.





Environmental Sustainability

Brewing A Better Future

Commonwealth Brewery Limited is working in line with HEINEKEN's global sustainability program "Brewing a Better World".

"At Commonwealth Brewery Limited our focus remains on People, Quality and Service. This focus is reflected in our daily activities contributing to ever improving results. We believe this is the way forward, the way we evolve and continue to build our company," says Hans Neven, Managing Director.

"Brewing a Better World" is about creating a more sustainable company and future. As part of the HEINEKEN company, our long-term aspiration is to be the world's greenest brewer which is a continuous journey. On this journey we will

monitor our progress, which we will continue to measure as we progress.

Improve

Commonwealth Brewery Limited's focus is to increase the energy and water efficiency of its brewery, offices and warehouses. In 2014 the company progressed in line with expectations. Lower production volumes were offset by significant efficiency improvements for water and thermal energy consumption. For electrical consumption, this was not the case. Thermal energy was reduced mainly due to lower evaporation rates and insulation. Efficiency improvements for water consumption came from the cleaning installation in the cellars as well as from the improved

Company's safety data	Unit	2012*	2013	2014
Parameters (absolute values)				
Fatalities of company & contractor personnel	Cases	0	0	1
Permanent disabilities of company personnel	Cases	0	0	0
Accidents of company personnel	Cases	9	8	11
Accidents of contractor personnel	Cases	0	0	1
Lost working days of company personnel	Days	70	76	103

*2012 reflects only results from our production unit.

performance of the bottle washing machine. Electricity efficiencies were coming from the renewed automation of the cooling plant and reduction of compressed air consumption.

Additionally in 2014, Commonwealth Brewery Limited continued its commitment to protect the environment and as a result achieved the following:

- Non-recycled industrial waste was reduced by 25% to 3.63 kg/hl in 2014.
- The bottle recycle rate at the company's recycle facility kept recycling at a return rate of around 60% of all bottles used for locally produced beer.

The objective for 2015 is to build on the progress made and continue to increase energy, water and waste efficiencies, in line with continuous improvement goals, thus buoying the company's value of operating in a sustainable way.

Empower

In keeping with our goal to achieve an accident free work environment, Commonwealth Brewery Limited continuously promoted a safe working culture. In 2014 we continued to focus on increasing safety awareness by safety e-learning sessions and participating in the global safety and health day.

All employees were encouraged to immediately report all accidents using ARISO, the global reporting system.

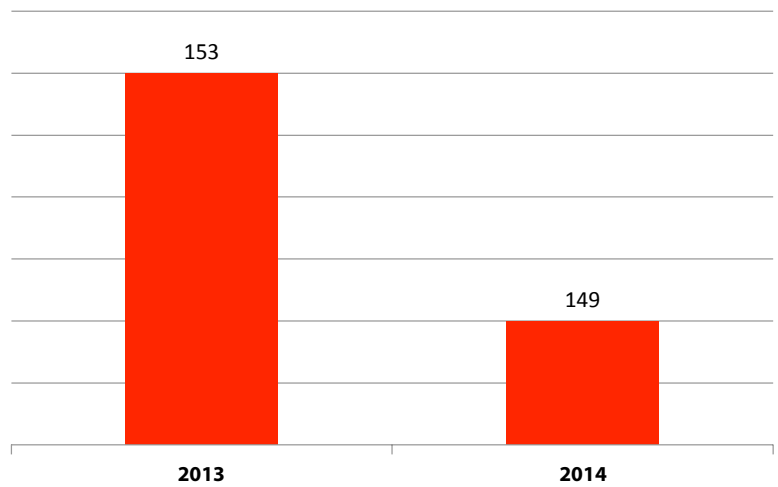
Unfortunately 2014 was a sad time as we ended the year with a first ever fatality in Abaco. A strong message was sent by the Managing Director regarding Road Traffic Safety and preventative measures.

The company suffered 12 accidents which led to 103 lost working days.

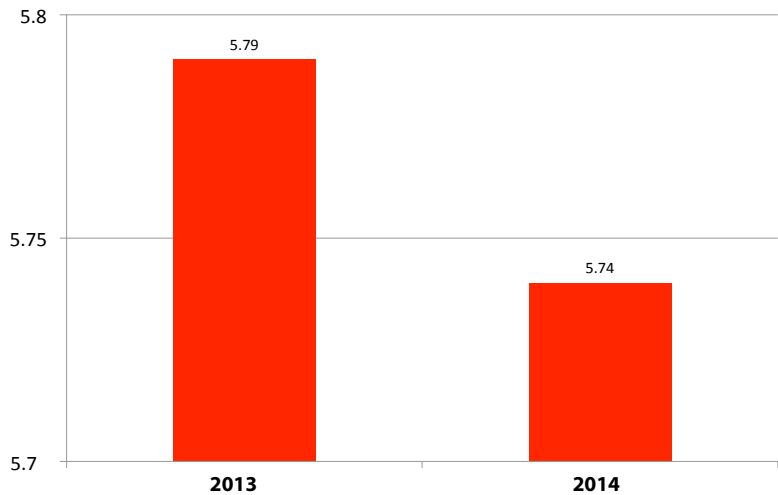
Impact

Beer is a natural product enjoyed by hundreds of millions of people around the world. It is, can and should be a legitimate part of a healthy balanced lifestyle when consumed in moderation.

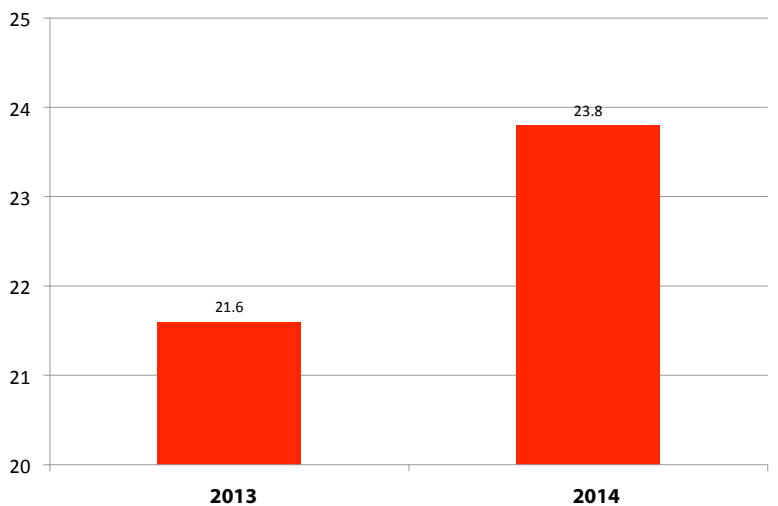
Thermal Energy Consumption (MJ/hl)



Water Consumption (hl/hl)



Electrical Energy Consumption (Kwh/hl)





Heineken Overview

It was a thrilling year for Heineken in 2014.

Heineken opened 2014 with the launch of its global program called 'The Odyssey', inviting consumers to take the stage and display their talents in music. Through this program, Heineken gave local musicians the opportunity to be the opening performance for major U.S. based artist Meek Mill in a large Heineken-sponsored concert. Heineken remained a leading promoter of music, sponsoring additional events throughout the year such as the Fantasia, Ginuwine and Johnny Gill concert.

In May, the Heineken 25cl bottle was added to the Heineken family and launched its campaign "Cold to the Last Drop" at an all-inclusive invitation-only event in Ocean Club Estates, which kicked off a series of exclusive events around the island that invited Heineken influencers to experience the "Heineken Way."

The Heineken Rugby Cup, the continued partnership with the Bahamas Rugby Union, enjoyed its third year in 2014. Each week during the rugby season, teams vie for the coveted award in Nassau and Grand Bahama. Heineken Light gained key brand placement as the official beer sponsor of the Pure Silk-Bahamas International LPGA Classic at the One&Only Ocean Club Golf Course.

2015 promises to be even better.

Heineken will continue to strengthen its association with music in 2015 with the launch of Heineken Red Star Access, an invitation-only event and all-inclusive concert series featuring

some of the biggest names in music in the U.S. performing live in The Bahamas. This concert series will change the landscape of nightlife and events in the Bahamas and build excitement and anticipation among Heineken drinkers.

Innovation will be the driving force of the Heineken brand in 2015. On the heels of the Heineken 25cl bottle introduction, Heineken Extra Cold Draught will be launched in the summer as the most refreshing, recognizable and unique draught beer experience in the country. The combination of new technology that creates ice layers on the front of the draught column and Heineken's unique serving ritual will offer the ultimate refreshment in the most sustainable way.

Heineken will also re-launch the "Heineken Express" with a new and top-of-the-line Heineken bus, presenting the only premium-high-energy-mobile night-life experience with Heineken beer for influencer groups and customers.

All eyes are on Heineken and James Bond in 2015. Heineken has continued its relationship with the most iconic man of the world for the latest movie "Spectre". Heineken will launch various promotional activities prompting consumer participation in winning exciting prizes for Bond movie nights at home leading up to the highly-anticipated Bond movie premiere. The Heineken-Bond premiere is expected to catch the attention of our business customers, individual consumers and Bond fans as well as press through a premiere Heineken experience.





KALIK
Radler
LEMON
2% ALC. VOL.

KALIK
Radler
LEMON
DOUBLE REFRESHMENT
REAL LEMON FLAVOR
2% ALC. VOL.

KALIK
GOLD

KALIK
WORLD BEER
GOLD
EXTRA STRONG
THE BEER OF THE BAHAMAS
7% ALC. VOL.

KALIK
WORLD CLASS BEER
Bahamian Pride

KALIK
FINEST QUALITY
KALIK
OUR WORLD-CLASS BEER
SINCE 1988
5% ALC. VOL.
THE BEER OF THE BAHAMAS

KALIK
LIGHT
WORLD CLASS
LIGHT
BEER

KALIK
LIGHT
THE BEER OF THE BAHAMAS
BREWED WITH SUPERIOR INGREDIENTS
4.5% ALC. VOL.

KALIK
Lime
4% ALC. VOL.

KALIK
Lime
A REFRESHING
FLAVORED
BEER
THE BEER OF THE BAHAMAS

Kalik, The Beer of The Bahamas

Like our country, Kalik, the Beer of The Bahamas, is ever evolving. Kalik represents all things Bahamian, whether Regatta, Rake 'n' Scrape Festivals, Junkanoo or Bahamas Junkanoo Carnival. Kalik reaffirms what it means to be Bahamian and is committed to continually being a beacon of the cultural marvels that make The Bahamas a unique and rich country.

In 2014

Kalik welcomed its newest member, the Kalik Radler, to its ever expanding family. The brew boasts a doubly refreshing 2% alcoholic blend of beer and natural lemon juice. The beverage was a hit amongst Bahamian consumers far outpacing the forecasted volumes.

Through sponsorship of the inaugural IAAF World Relays, The Bahamas welcomed many of the world's best athletes. Kalik Radler shared the spotlight becoming one of the most popular beverages through a sampling event.

Strengthening its connection with young Bahamian adults through social media and with regular updates to its Facebook, Instagram and Twitter platforms, Kalik continuously seeks engaging and interactive ways to achieve greater consumer created content.

Additionally, the Beer of The Bahamas continued its long standing support of indigenous cultural events including Junkanoo, Family Island Regattas, Rake n' Scrape Festivals, Homecomings and other native festivals.

2015 Outlook

In 2015, Kalik's evolution will continue with an ALL-NEW look. Each of Kalik's brand variants – Kalik Regular, Kalik Gold, Kalik Light, Kalik Lime and Kalik Radler – received an updated look which sets them apart from each other yet ties them together and touts them as proudly Bahamian. Each brand is unique and will continue to grow as they gain their own distinct personalities.

Kalik Regular has a sharper cooler look but still embraces the freedom and rhythm that are essential to being Bahamian and similar to the

spirit that spawned Junkanoo. Although the label has evolved, the Kalik flavour Bahamians love has remained the same.

Kalik Gold embraces the spirit of adventure that founded The Bahamas. The dark blue hues of the label and the ship, reminiscent of one of Columbus' vessels, represent the deep blues of the Atlantic Ocean. The strength of the brand remains at 7% as it strives to awaken adventurousness in its drinkers. Kalik Gold is the Bahamian Spirit of Adventure.

Kalik Lime and Kalik Radler labels were remixed to symbolize a more fun, refreshing, almost musical style. The addition of the fruits on the labels will appeal to and continue to be popular with both locals and tourists.

The true star of the evolution remains Kalik Light. The third of the Kalik brews to be introduced to the market it has recently become something entirely new, as not only did it get a facelift like the other brands, but it was also given a new formula. Launched at the National Family Island Regatta in Georgetown, Exuma, Kalik Light's label was inspired by the Bahamian waters with the waves breaking into silverfish white foam. The only thing more stunning than its revisited packaging is the impeccably refreshing crispness of its new taste. According to the brand manager, Barrington Archer, "Kalik Light is our world class light beer and it will be the driving force behind Kalik's growth for years to come."

Consumers can expect to see a number of great things from the Kalik brand as it continues to grow and evolve. During spring break there were Kalik Radler and Kalik Light activations across The Bahamas.

Kalik is the Beer of The Bahamas. Share your Pride.





List of Stores

Abaco

Butler & Sands (A&K)
Beverage Depot (AB1)
Butler & Sands (Spanky's)

Andros

Beverage Depot
Central Beverage Depot
Beverage Depot
Beverage Depot (A4)

Bimini

Butler & Sands

Cat Island

Beverage Depot (Two Corners Liquor Store)

Eleuthera

Beverage Depot
Butler & Sands
Beverage Depot
Butler & Sands
Beverage Depot
Butler & Sands (Bayside)

Exuma

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

Grand Bahama

Burns House
Ole Nassau
Beverage Depot
Butler & Sands
Ole Nassau
Beverage Depot
Butler & Sands

Marsh Harbour
Marsh Harbour
Treasure Cay

Lowe Sound
Fresh Creek
Mangrove Cay
South Andros

Alice Town

New Bight

Rock Sound
Governor's Harbour
Bluff
Jean's Bay
Harbour Island
Harbour Island

Georgetown
Georgetown

Queen's Highway
International Airport
Churchill Square
RND Shopping Centre
Freeport Arcade
Plaza Liquor THM
Seahorse Plaza

Ole Nassau (House of Rum)
Beverage Depot
Butler & Sands

Long Island

Beverage Depot

New Providence

Butler & Sands
Butler & Sands
Beverage Depot (Henrea Carlette)
Beverage Depot (Saunders Beach)
Beverage Depot (I Need A Liquor)
Ole Nassau (Esquire Liquors)
Burns House (Tippsters #2)
Ole Nassau
Ole Nassau (THM Emporium)
Burns House (Express Macy's)
Ole Nassau (Maury Roberts)
Beverage Depot (Captain's Cabin)
Butler & Sands (The Caves)
Butler & Sands (Harbour Bay Liquors)
Butler & Sands (Bahamas Wines & Spirits)
Beverage Depot (Budget Liquor)
Beverage Depot
Beverage Depot (The Deck)
Beverage Depot
Ole Nassau (International Departure)

Ole Nassau (Sammy's Liquor Store)

Heineken Duty Free Shop

Port Lucaya
Eight Mile Rock
West End

Queen's Highway

Cable Beach
J.F. Kennedy Drive
Cable Beach
West Bay Street
West Bay Street
Bay Street
Carmichael Road
Bay Street
Woodes Rogers Wharf
East & Fowler Streets
Bay Street
East Bay Street
West Bay Street
Harbour Bay Shopping Plaza
Shirley Street
Bernard Road
Marathon Mall
Fox Hill Road
Independence Shopping Centre
LPI Airport/Non-U.S.
International Departure & Local
Departure-Arrivals
LPI Airport/Non-U.S.
International Departure & Local
Departure-Arrivals
LPI Airport/U.S. International
Departure



Advisors

Auditors

KPMG

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

Bankers

Scotiabank, Corporate and Commercial Banking Centre

Rawson Square, Nassau, The Bahamas

Citibank

110 Thompson Boulevard, P.O. Box N-8158

First Caribbean International Bank (Bahamas Limited)

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
Suite # 202, P.O. Box N-9307
Bay Street, Nassau, The Bahamas

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



“ We are committed to develop competitive teams, and deliver results that exceed expectations through passion for people, quality and service. ”

*Hans Neven
Managing Director of CBL*



Independent Auditor's Report



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To the Shareholders of Commonwealth Brewery Limited

Report on the consolidated financial statements

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

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

A handwritten signature in black ink that reads 'KPMG' followed by a stylized flourish.

March 19, 2015

KPMG, a Bahamian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG" international), a Swiss entity.

COMMONWEALTH BREWERY LIMITED
Consolidated Statement of Financial Position

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

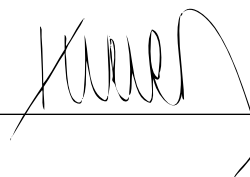
	Note(s)	2014	2013
Assets			
Current assets:			
Cash and cash equivalents	4	\$ 7,125,222	6,753,447
Trade receivables, net	5	3,163,708	2,930,875
Prepaid expenses and other assets	6	1,791,837	2,670,503
Inventories	7	20,400,172	19,168,108
Total current assets		32,480,939	31,522,933
Non-current assets:		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

See accompanying notes to consolidated financial statements.

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



Director



Director

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Comprehensive Income

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

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

See accompanying notes to consolidated financial statements.

COMMONWEALTH BREWERY LIMITED
Consolidated Statement of Changes in Equity

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

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

See accompanying notes to consolidated financial statements.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Cash Flows

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

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

See accompanying notes to consolidated financial statements.

1. General information

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

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

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

3. Significant accounting policies

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

(a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on

which control commences until the date on which control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group. All intra-group transactions, balances, income and expenses and unrealised income and expense arising from inter-group transactions are eliminated in full on consolidation.

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

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

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(b) Financial instruments

Classification

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

Recognition

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

Measurement

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

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

Derecognition

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

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

(c) Cash and cash equivalents

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

(d) Accounts receivable

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

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes

an allocation of those production overhead costs based on normal operating capacity, that relate to bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

(f) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

(g) Intangible assets

Goodwill

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

Computer software

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

(h) Impairment

Financial assets

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

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

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

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

Non-financial assets

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

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

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

(i) Related parties

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

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

- (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

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

(j) Leases

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

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

(k) Share capital

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

(l) Provisions

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

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

(m) Foreign currencies

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

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

(n) Revenue recognition

Products sold

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

Services

Revenue from services, which is included in miscellaneous income, is recognised in the consolidated statement of

comprehensive income when the services are rendered.

(o) Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

(p) Finance income

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

(q) Earnings per share

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

(r) Dividends

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

(s) Operating segments

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

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

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

(t) New standards and interpretations not yet adopted

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

4. Cash and cash equivalents

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

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

5. Trade receivables, net

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

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

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

Movement in the allowance for doubtful debts:

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

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

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

6. Prepaid expenses and other assets

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

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

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

7. Inventories

	2014	2013
Goods bought for resale	\$ 13,622,344	13,740,711
Raw materials and packaging	4,052,854	2,615,124
Finished goods	895,114	987,920
Work-in-progress	173,949	120,316
Spare parts	694,826	663,177
Other stock items	1,426,855	1,366,815
	20,865,942	19,494,063
Provision for obsolescence	(465,770)	(325,955)
	\$ 20,400,172	19,168,108
Movement in the provision for obsolescence:		
	2014	2013
Balance at beginning of the year	\$ 325,955	469,870
Increase in provision	139,815	–
Decrease in provision	–	(143,915)
Balance at end of the year	\$ 465,770	325,955

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

8. Goodwill

Goodwill comprises the following:

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

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

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

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

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

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

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

9. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Vehicle and transportation equipment	Capital work in progress	Total
Cost/revalued amount:								
Balance at December 31, 2012	\$ 6,455,460	15,856,965	2,501,750	32,959,963	13,870,523	1,356,786	946,482	73,947,929
Additions	-	-	-	-	-	-	1,720,945	1,720,945
Transfers	-	324,592	276,183	1,203,009	231,802	180,169	(2,215,755)	-
Write offs	-	-	-	(27,695)	-	-	-	(27,695)
Balance at December 31, 2013	6,455,460	16,181,557	2,777,933	34,135,277	14,102,325	1,536,955	451,672	75,641,179
Revaluation	(745,206)	1,868,371	-	-	-	-	-	1,123,165
Additions	-	-	-	-	-	-	2,757,634	2,757,634
Transfers	-	114,819	218,491	799,953	174,837	88,191	(1,396,291)	-
Write offs	-	-	-	-	-	(62,148)	-	(62,148)
Balance at December 31, 2014	\$ 5,710,254	18,164,747	2,996,424	34,935,230	14,277,162	1,562,998	1,813,015	79,459,830
Accumulated depreciation:								
Balance at December 31, 2012	\$ -	857,768	2,142,289	22,671,314	12,329,653	943,946	-	38,944,970
Depreciation	-	421,345	171,660	1,363,077	473,622	147,468	-	2,577,172
Write offs	-	-	-	(2,591)	-	-	-	(2,591)
Balance at December 31, 2013	-	1,279,113	2,313,949	24,031,800	12,803,275	1,091,414	-	41,519,551
Depreciation	-	424,389	174,722	1,372,204	427,209	155,223	-	2,553,747
Write offs	-	-	-	-	-	(40,213)	-	(40,213)
Revaluation	-	(1,703,502)	-	-	-	-	-	(1,703,502)
Balance at December 31, 2014	\$ -	-	2,488,671	25,404,004	13,230,484	1,206,424	-	42,329,583
Net book value:-								
December 31, 2014	\$ 5,710,254	18,164,747	507,753	9,531,226	1,046,678	356,574	1,813,015	37,130,247
December 31, 2013	\$ 6,455,460	14,902,444	463,984	10,103,477	1,299,050	445,541	451,672	34,121,628

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

10. Intangible assets

Intangible assets consist of computer software as follows:

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

11. Accounts payable and accrued expenses

Accounts payable and accrued expenses comprise the following:

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

12. Share capital

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

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

13. Revaluation surplus

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

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

14. Commitments and contingencies

Operating lease commitments

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

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

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

Other commitments and contingencies

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

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

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

Loan facility

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

Pending Litigation

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

15. Balances and transactions with related parties

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

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

Know-how fee

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

Royalties

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

Purchase of inventories, IT related fee and supply chain fee

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

Compensation of key management personnel

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

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

16. Other income and expenses

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

17. Raw materials, consumables and services

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

18. Employee pension plans

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

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

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

19. Basic and diluted earnings per share

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

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

20. Dividends

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

21. Changes in non-cash working capital

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

22. Principal subsidiary and other significant operating subsidiaries

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

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

23. Financial instruments and associated risks

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

There are a number of risks inherent in the drinks industry that the Board has identified and manages on an ongoing basis.

Among these risks, the more significant are market, credit and liquidity. In accordance with IFRS 7, Financial Instruments, the Group presents qualitative information about its exposure to risk and the objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout this note.

(a) Market risk

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

Currency risk

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

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

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

Sensitivity analysis

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

Interest rate risk

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

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

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

(b) Credit risk

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

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

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

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

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

(c) Liquidity risk

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

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

24. Segment information

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

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

Segment revenue

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

Inter-segment revenue

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

Revenue from external customers

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

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

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

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

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

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

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

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

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

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

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

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

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

25. Fair values of financial instruments

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

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

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

26. Capital management

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

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

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

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

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