Management Discussion and Analysis

This management discussion and analysis (MD&A) should be read in conjunction with the audited consolidated financial statements for the year end December 31st, 2015 and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in Bahamian dollars. This MD&A is dated April 28th, 2016.

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 2015 was flat compared to 2014 ($123.5 vs $124.2), despite an increase in sales volume (1.6%). The revenue and volume performance is mainly explained by the change in the competitive environment, sales initiatives were driven to secure and maintain market share. The introduction of VAT also fostered innovative ideas, to protect the local brand the VAT charge was not passed on to the consumer.

The volume performance in the first half of the year was positive; reflecting the anticipation of the opening of the Baha Mar Hotel and the increased job opportunities. However in the second half of the year the company's performance was not as strong, with a decrease in volume growth of 1.4%. This was partly due to the Baha Mar hotel not opening, terminating the contracts of employees and a hurricane that devastated the Southern Bahamas.

Net income was impacted by an increase in raw materials, consumables and services. The cost of inventories experienced an upturn of ($3.7 million), as a result of a pertinent decision to address the costing deviation relative to negative stock of the retail division which was compounding year to year. These factors contributed to a decrease to net income in 2015; however, it is anticipated that it will result in consistent costing and positive benefits moving forward.

The company's higher personnel cost ($1 million) is explained by the increases of employees. The number of employees went from 402 to 413. This increase is explained by the staffing of the new retail stores and the improvement of the organizational structure, i.e. set up of the purchase department.

Due to the decrease in fuel charges and effective cost saving initiatives at the Brewery, the company was able to keep costs stable year over year.

Commonwealth Brewery remained debt-free with $1.3 million in cash and equivalents following a $7.5 million interim dividend payment to shareholders in December 2015.

The decrease in the cash and equivalents aggregate was mainly the result of increased stock levels with the anticipation of the opening of a newly constructed hotel Baha Mar which did not occur in 2015.

Investments in 2015 decreased by 24% compared with the previous year. The net cash used for investment activities amounted to $2.2 million maintaining Commonwealth Brewery's commitment to the Bahamian economy on projects such as the upgrade of the Retail Stores to enhance the shopping experience and upgrading of the Brewery's equipment.

On top of this Commonwealth Brewery continued to invest in brands and people in 2015, in order to be well prepared for the future.

Results from operations

Results from operating activities amounted to $11.8 million and is very close to net income. This is explained by the fact that the company has only minor finance costs.

In a difficult economic environment, Commonwealth Brewery's sales volumes increased slightly and revenue ended up slightly lower than 2014 (-0.5%). Net income was 35% below the previous year and as previously mentioned was due to the VAT absorption and the Retail costing adjustment.

Consolidated statement of financial position

Cash and cash equivalents amounted to $1.3 million at December 31st 2015 which represents a $5.8 million (82%) decrease when compared to 2014. This decrease was mainly the result of the increased inventory levels and based on a cash surplus, the company paid a $7.5 million interim dividend in December 2015.

Property, plant & equipment and intangible assets decreased by $600k and $42k respectively. The company remains committed to future investments.

Liquidity

Commonwealth Brewery's cash flow generation from operating activities in 2015 amounted to $ 14.7 million, of which $ 2.2 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 note 22(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.

Contractual obligations 2015	Payment due by period				
	Total	< 1 year	1-2 years	2-5 years	➢ 5 years
Long term debt	NIL	NIL	NIL	NIL	NIL
Capital leases	NIL	NIL	NIL	NIL	NIL
Operating leases	5,233,627	2,005,777	1,163,071	1,785,299	279,480
Purchase obligations	NIL	NIL	NIL	NIL	NIL
Account payable and accrued expenses	13,327,296	13,327,296	NIL	NIL	NIL

Total contractual obligations	**18,560,923**	**15,333,073**	**1,163,071**	**1,785,299**	**279,480**

Capital resources

At December 31st, 2015, Commonwealth Brewery had no material commitment of capital resources in place. The company generates sufficient cash from operations for its needs.

In 2015, the Group had access to a $2 million unsecured loan facility with one of the affiliates for contingency purposes. These facilities were not used throughout 2015.

The dividend policy of Commonwealth Brewery is to distribute 100% of net income. The frequency 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 31st, 2015 the company had no off balance sheet arrangements with any parties. Note 13 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.

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 14 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. The adoption of these Standards and Interpretations has not led to any changes in the Group's accounting policies. The Group expects an impact 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.

Consolidated Financial Statements of

COMMONWEALTH BREWERY LIMITED

Year ended December 31, 2015

COMMONWEALTH BREWERY LIMITED
Consolidated Financial Statements

Year ended December 31, 2015

Deloitte.

Deloitte & Touche
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Commonwealth Brewery Limited:

We have audited the consolidated financial statements of Commonwealth Brewery Limited, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and 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 the auditors' 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, the auditors 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 Commonwealth Brewery Limited as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements of Commonwealth Brewery Limited for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on March 19, 2015.

Deloitte & Touche

April 29, 2016

COMMONWEALTH BREWERY LIMITED
Consolidated Statement of Financial Position

December 31, 2015, with corresponding figures for 2014
(Expressed in Bahamian dollars)

	Note(s)		2015	2014
Assets				
Current assets:				
Cash and cash equivalents	4	$	1,345,882	7,125,222
Trade receivables, net	5		3,370,556	3,163,708
Prepaid expenses and other assets	6		2,883,761	1,791,837
Inventories	7		19,893,831	20,400,172
Total current assets			27,494,030	32,480,939
Non-current assets:				
Property, plant and equipment	9		36,556,901	37,130,247
Goodwill	8		4,487,242	4,487,242
Other intangible assets	10		113,418	156,017
Total non-current assets			41,157,561	41,773,506
Total assets	23	$	68,651,591	74,254,445
Liabilities and equity				
Current liabilities:				
Accounts payable and accrued expenses	11, 14, 23	$	13,327,296	12,431,642
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	9		7,096,254	7,096,254
Retained earnings			19,348,720	25,847,228
Total equity			55,324,295	61,822,803
Commitments and contingencies	13			
Total liabilities and equity		$	68,651,591	74,254,445

See accompanying notes to consolidated financial statements.

These consolidated financial statements were approved for issue on behalf of the Board of Directors on April 29, 2016 by:

_______________ Director _______________ Director

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2015, with corresponding figures for 2014
(Expressed in Bahamian dollars)

	Note(s)		2015	2014
Income:				
Revenue	23	$	123,523,439	124,157,038
Operating expenses:				
Raw materials, consumables and services	14, 16		91,098,817	87,212,410
Personnel costs	14, 17		18,290,875	17,212,123
Depreciation	9		2,746,557	2,553,747
Amortisation	10		42,599	30,310
Total operating expenses			112,178,848	107,008,590
Other income	15		465,319	1,022,601
Results from operating activities			11,809,910	18,171,049
Finance expenses			(8,418)	(1,681)
Profit	18, 23	$	11,801,492	18,169,368
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Revaluation of property, plant and equipment	9	$	-	2,826,667
Total comprehensive income		$	11,801,492	20,996,035
Basic and diluted earnings per share	18	$	0.39	0.61

See accompanying notes to consolidated financial statements.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Changes in Equity

Year ended December 31, 2015, with corresponding figures for 2014
(Expressed in Bahamian dollars)

		Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
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
Transactions with owners, recorded directly in equity							
Dividends declared $0.64 per share (note 19)		–	–	–	–	(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
Comprehensive income		–	–	–	–	11,801,492	11,801,492
Transactions with owners, recorded directly in equity							
Dividends declared $0.61 per share (note 19)		–	–	–	–	(18,300,000)	(18,300,000)
Balance at December 31, 2015	$	150,000	12,377,952	16,351,369	7,096,254	19,348,720	55,324,295

See accompanying notes to consolidated financial statements.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Cash Flows

Year ended December 31, 2015, with corresponding figures for 2014
(Expressed in Bahamian dollars)

	Note(s)		2015	2014
Cash flows from operating activities				
Net income		$	11,801,492	18,169,368
Adjustments for:				
Depreciation	9		2,746,557	2,553,747
Amortisation	10		42,599	30,310
Bad debt expense	5		188,977	125,006
(Gain)/Loss on disposal of property, plant and equipment	9, 15		(26,500)	21,935
Finance expense			8,418	1,681
Net cash from operations before changes in working capital			14,761,543	20,902,047
Changes in non-cash working capital	20		(85,754)	1,583,703
Net cash from operating activities			14,675,789	22,485,750
Cash flows from financing activities				
Dividends paid	19		(18,300,000)	(19,200,000)
Net cash used in financing activities			(18,300,000)	(19,200,000)
Cash flows from investing activities				
Additions to property, plant and equipment	9		(2,173,211)	(2,757,634)
Additions to intangible assets	10		-	(154,660)
Proceeds from sale of property, plant and equipment	9, 15		26,500	-
Finance expense			(8,418)	(1,681)
Net cash used in investing activities			(2,155,129)	(2,913,975)
Net (decrease)/ increase in cash and cash equivalents			(5,779,340)	371,775
Cash and cash equivalents, beginning of year			7,125,222	6,753,447
Cash and cash equivalents, end of year	4	$	1,345,882	7,125,222

See accompanying notes to consolidated financial statements.

(Expressed in Bahamian dollars)

1. General information

Commonwealth Brewery Limited ("CBL" or "the Company") was incorporated under the laws of The Commonwealth of The Bahamas on November 17, 1983 and commenced trading in March 1987. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). Details of the principal subsidiaries are set out in note 21 to the consolidated financial statements.

The principal activity of the Group is the production of alcoholic and non-alcoholic beverages, liquor importation, distribution and sales.

The Group's registered office is located at Clifton Pier, Nassau, Bahamas.

The Group 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 Group are owned by Heineken and remaining 25% are owned by the Bahamian public.

2. New and revised international financial reporting standards (IFRSs)

Standards and Interpretations in issue and effective

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB standards in issue and effective for annual reporting periods beginning on or after January 1, 2015. The adoption of these Standards and Interpretations has not led to any changes in the Group's accounting policies.

Standards and Interpretations in issue but not yet effective

IFRS 9	(Amended) Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

The Group is currently assessing the impact of the adoption of these standards and interpretations and it is not practicable to quantify the effect as at the date of these consolidated financial statements.

3. Significant accounting policies

(a) *Statement of compliance*

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

3. Significant accounting policies *(continued)*

(b) *Basis of preparation*

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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net relisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurement are categorised into Level 1,2,3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

(c) *Basis of consolidation*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has power over the entity, 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.

3. Significant accounting policies *(continued)*

(c) *Basis of consolidation* *(continued)*

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 profit or loss and other 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 Group.

(d) *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.

(e) *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.

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(l)	Impairment
Note 3(p)	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	Other Intangible assets
Note 13	Commitments and contingencies
Note 22	Financial instruments and associated risks

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

3. Significant accounting policies *(continued)*

(f) *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.

(g) *Cash and cash equivalents*

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

(h) *Accounts receivable*

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

(i) *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.

3. Significant accounting policies *(continued)*

(i) ***Inventories*** *(continued)*

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 cost.

(j) ***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 other comprehensive income, 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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.

3. Significant accounting policies *(continued)*

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

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

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

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

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

(k) ***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.

(l) ***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.

3. Significant accounting policies *(continued)*

(l) *Impairment (continued)*

Financial assets are tested for impairment on an individual basis. All impairment losses are recognised in the consolidated statement of profit or loss and other 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 profit or loss and other 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 profit or loss and other 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.

(m) *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

3. Significant accounting policies *(continued)*

(m) ***Related parties*** *(continued)*

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

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

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

(n) ***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 profit or loss and other 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.

(o) ***Share capital***

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

(p) ***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

3. Significant accounting policies *(continued)*

(p) *Provisions* *(continued)*

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.

(q) *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 profit or loss and other comprehensive income.

(r) *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 profit or loss and other 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 profit or loss and other comprehensive income when the services are rendered.

(s) *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 profit or loss and other comprehensive income in the periods during which services are rendered by employees.

3. Significant accounting policies *(continued)*

(s) *Employee benefits (continued)*

Short-term employee benefits

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

(t) *Finance income*

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

(u) *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.

(v) *Dividends*

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

(w) *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.

(x) *Value Added Tax (VAT)*

On January 1, 2015, the Bahamas Government implemented a consumer VAT. Output VAT related to the sale of goods is payable to the Government upon delivery of goods and property rights to customers. Input VAT related to goods and services purchased is generally recoverable against output VAT.

4. Cash and cash equivalents

		2015	2014
Cash on hand	$	52,895	58,200
Cash held with banks		1,292,987	7,067,022
Cash and cash equivalents	$	1,345,882	7,125,222

(Expressed in Bahamian dollars)

5. Trade receivables, net

		2015	2014
Trade receivables, gross	$	4,067,634	3,672,229
Allowance for doubtful debts		(697,078)	(508,521)
	$	3,370,556	3,163,708

Aging analysis of trade receivables, gross, as at December 31, 2015:

		2015	2014
Current (up to 30 days)	$	2,628,408	2,467,805
Past due but not impaired (31 to 120 days)		742,148	695,903
Past due and impaired (over 120 days)		697,078	508,521
	$	4,067,634	3,672,229

Movement in the allowance for doubtful debts:

		2015	2014
Balance at beginning of the year	$	508,521	388,521
Increase in allowance		188,977	125,006
Amounts written off as uncollectible		(420)	(5,006)
Balance at end of the year	$	697,078	508,521

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

		2015	2014
The Bahamas	$	3,205,659	2,915,407
United States of America		164,897	248,301
	$	3,370,556	3,163,708

(Expressed in Bahamian dollars)

6. Prepaid expenses and other assets

		2015	2014
Other receivables	$	1,988,263	1,370,656
Prepaid expenses		1,383,393	914,409
Staff loans		9,248	3,915
		3,380,904	2,288,980
Allowance for doubtful debts		(497,143)	(497,143)
	$	2,883,761	1,791,837

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

		2015	2014
Balance at beginning of the year	$	497,143	497,143
Reversal of allowance		–	–
Balance at end of the year	$	497,143	497,143

7. Inventories

		2015	2014
Goods bought for resale	$	14,528,375	13,622,344
Raw materials and packaging		3,210,571	4,052,854
Finished goods		772,338	895,114
Work-in-progress		176,067	173,949
Spare parts		708,851	694,826
Other stock items		782,467	1,426,855
		20,178,669	20,865,942
Provision for obsolescence		(284,838)	(465,770)
	$	19,893,831	20,400,172

Movement in the provision for obsolescence:

		2015	2014
Balance at beginning of the year	$	465,770	325,955
Increase in provision		–	139,815
Decrease in provision		(180,932)	–
Balance at end of the year	$	284,838	465,770

As outlined in note 16, the cost of inventories recognised as an expense during the year was $52,681,092 (2014: $48,618,918).

(Expressed in Bahamian dollars)

8. Goodwill

Goodwill comprises the following:

		2015	2014
Balance at beginning and 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 annual 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 growth rate, based on internal 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 and expected growth rate are as follows:

	2015	2014
WACC	9.97%	9.97%
Expected growth rate	5.44%	1.82%

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, 2015 and 2014.

(Expressed in Bahamian dollars)

9. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Vehicle and transportation equipment	Capital work in progress	Total
Cost/revalued amount:								
Balance at December 31, 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
Additions	-	-	-	-	-	-	2,173,211	2,173,211
Transfers	-	118,864	204,441	1,137,761	762,135	339,828	(2,563,029)	-
Write offs	-	-	-	-	-	(6,334)	-	(6,334)
Balance at December 31, 2015	$ 5,710,254	18,283,611	3,200,865	36,072,991	15,039,297	1,896,492	1,423,199	81,626,707
Accumulated depreciation:								
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
Depreciation	-	518,993	195,167	1,447,275	385,759	199,363	-	2,746,557
Write offs	-	-	-	-	-	(6,334)	-	(6,334)
Balance at December 31, 2015	$ -	518,993	2,683,838	26,851,279	13,616,243	1,399,453	-	45,069,806
Net book value:-								
December 31, 2015	$ 5,710,254	17,764,618	517,027	9,221,712	1,423,054	497,037	1,423,199	36,556,901
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

(Expressed in Bahamian dollars)

9. Property, plant and equipment *(continued)*

The Group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. 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. This resulted in a surplus of $2,826,667.

The fair value of land and buildings are included in Level 3 at the end of the reporting period. There were no transfers between the hierarchy Levels during the year.

There are no capital commitments on work in progress projects.

Revaluation surplus

		2015	2014
Balance at January 1	$	7,096,254	4,269,587
Surplus arising from revaluation		–	2,826,667
Balance at December 31	$	7,096,254	7,096,254

Had there been no revaluation, the carrying value of land would have been $1,689,070 (2014: $1,689,070) and of buildings would have been $4,719,560 (2014: $5,149,315).

10. Other intangible assets

Intangible assets consist of computer software as follows:

		2015	2014
Cost:			
Balance at January 1	$	3,431,977	3,277,317
Additions		-	154,660
Balance at December 31	$	3,431,977	3,431,977
Accumulated amortisation:			
Balance at January 1	$	3,275,960	3,245,650
Amortisation		42,599	30,310
Balance at December 31	$	3,318,559	3,275,960
Net book value:	$	113,418	156,017

(Expressed in Bahamian dollars)

11. Accounts payable and accrued expenses

Accounts payable and accrued expenses comprise the following:

		2015	2014
Accounts payable - third parties	$	8,382,350	7,819,249
Accounts payable - related parties		2,949,915	1,307,851
Accrued expenses		1,995,031	3,304,542
	$	13,327,296	12,431,642

12. Share capital

Authorised, issued and fully paid share capital at December 31, 2015 and 2014:

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

13. 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
2015	$	2,005,777	1,163,071	1,785,299	279,480	5,233,627
2014	$	1,711,680	1,371,682	1,013,866	487,249	4,584,477

Lease expenses of $3,170,084 (2014: $3,241,158) (see note 16) 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, 2015 the Group was contingently liable under customs bond guarantees of $867,000. These facilities are under joint and several liability of the Group in favor of each other.

At December 31, 2015 the Group had capital commitments of $nil (2014: $nil).

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 (2014: $2,000,000). This facility bears interest at the rate of LIBOR plus 0.60% per annum (2014: LIBOR plus 0.60% per annum). As at December 31, 2015, $nil (2014: $nil) of this facility had been utilised.

(Expressed in Bahamian dollars)

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.

14. 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.

		2015	2014
Balances with the Parent			
Accounts payable and accrued expenses (note 11)	$	1,543,002	806,722
Transactions with the Parent			
Know-how fee (note 16)		451,385	435,890
Royalties (note 16)		326,759	357,997
IT related and other fee (note 16)		519,449	222,290
Dividends paid (note 19)		13,725,000	14,400,000
Balances with affiliates			
Accounts payable and accrued expenses (note 11)		1,406,913	501,129
Transactions with affiliates			
Purchases of inventories (notes 7 and 16)		643,322	764,197
IT related fee (note 16)		660,036	852,065
Supply chain fee (note 16)		57,392	110,542
Directors' fee (note 16)		42,000	48,000

Know-how fee

Effective May 18, 2010, the Group 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 Group 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 16). Related payments are made and/or accrued for in the normal course of business.

(Expressed in Bahamian dollars)

Compensation of key management personnel

During the year, key management personnel received compensation amounting to $1,087,622 (2014: $1,655,452), comprising short-term employee benefits of $992,850 (2014: $1,544,497), and post-employment benefits of $94,771 (2014: $110,955).

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

Compensation of key management personnel (continued)

Included in key management costs are costs relating to a Long Term Incentive Plan. This is a share based plan which provides senior employees with Heineken N.V. shares based on the performance of the Heineken Group as a whole. The amount recognised in personnel cost amounted to $62,276 (2014: $82,944).

15. Other income and expenses

		2015	2014
Miscellaneous income	$	658,278	1,034,158
Exchange gain/ (loss)		(219,459)	10,378
Gain/ (Loss) on disposal of property, plant and equipment		26,500	(21,935)
	$	465,319	1,022,601

16. Raw materials, consumables and services

		2015	2014
Cost of inventories (including related import duties)	$	52,681,092	48,618,918
Excise duties and taxes		15,414,678	14,217,802
Distribution and marketing expenses		6,778,208	6,644,301
Occupancy expenses (note 13)		3,170,084	3,241,158
Utilities		2,399,731	3,387,285
Royalties (note 14)		1,414,105	1,804,462
Bad debt expense		188,977	125,006
Insurance		961,299	1,073,284
Repairs and maintenance		1,523,942	1,839,329
Know-how fee (note 14)		451,385	435,890
Other expenses (note 14)		6,115,316	5,824,975
	$	91,098,817	87,212,410

17. Employee pension plans

In 1997, the Group commenced a defined contribution pension plan. In accordance with the terms of the plan both employer and employees are required to contribute 5% (2014: 5%) of the participants' earnings to the plan. Employees are permitted to make additional contributions in order to increase their retirement benefits. The Group's contribution net of forfeitures to the plan included in personnel costs was $73,209 (2014: $94,032).

(Expressed in Bahamian dollars)

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 Group after January 1, 1997 and optional for those who joined prior to January 1, 1997.

17. Employee pension plans *(continued)*

Burns House Limited ("BHL") has a defined contribution plan for eligible employees. The employees contribute 5% (2014: 5%) of gross salary, and BHL contributes 5% (2014: 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 $439,037 (2014: $335,540).

18. 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.

		2015	2014
Net income	$	11,801,492	18,169,368
Weighted average number of shares		30,000,000	30,000,000
Basic and diluted earnings per share	$	0.39	0.61

19. Dividends

Dividends declared and paid by the Group amounted to $18,300,000 (2014: $19,200,000) including interim dividends of $7,500,000 (2014: $7,500,000). Dividends paid are based on basic earnings per share rounded to two decimal places.

20. Changes in non-cash working capital

		2015	2014
Change in trade receivables, net	$	(395,825)	(357,839)
Change in prepaid expenses and other assets		(1,091,924)	878,666
Change in inventories		506,341	(1,232,064)
Change in accounts payable and accrued expenses		895,654	2,294,940
	$	(85,754)	1,583,703

(Expressed in Bahamian dollars)

21. Principal subsidiary and other significant operating subsidiaries

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

	Percentage (%) Owned	
	2015	2014
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

22. 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.

(i) 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, 2015 was $2,492,465 (2014: $1,052,538).

(Expressed in Bahamian dollars)

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

(i) Currency risk (continued)

The average exchange rate between the B$ and the Euro was B$1 = Euro 0.90 (2014: B$1 = Euro 0. 75). The spot rate at December 31, 2015 was B$1 = Euro 0.92 (2014: B$1 = Euro 0. 82).

Sensitivity analysis

A 10 percent strengthening of the B$ against the Euro at December 31, 2015 would have increased equity and net income by approximately $97,092 (2014: $105,254). This analysis assumes that all other variables, in particular interest rates, remain constant. A 10 percent weakening of the B$ against the Euro at December 31, 2015 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.

(ii) 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.

(b) Credit risk

Credit risk is the risk that a counter party 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:

		2015	2014
Cash held with banks (note 4)	$	1,292,987	7,067,022
Trade receivables, net (note 5)		3,370,556	3,163,708
Other receivables, net (note 6)		1,491,120	873,513
Staff loans (note 6)		9,248	3,915
	$	6,163,911	11,108,158

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 $1,292,987 (2014: $7,067,022) was deposited with regulated financial institutions. Accordingly management considers this to bear minimal credit risk.

The Group does not have a significant concentration of credit risk as it transacts and deals with various customers and counterparties.

(Expressed in Bahamian dollars)

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

(c) Liquidity risk

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

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

23. Segment information

The Group has adopted IFRS 8, 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

		2015	2014
Wholesale	$	106,966,157	105,996,323
Retail		37,777,768	38,208,946
Production		51,505,983	51,232,829
	$	196,249,908	195,438,098

Inter-segment revenue

		2015	2014
Wholesale	$	21,961,896	20,663,124
Production		50,764,572	50,617,936
	$	72,726,468	71,281,060

Revenue from external customers

		2015	2014
Wholesale	$	85,004,260	85,333,199
Retail		37,777,768	38,208,946
Production		741,411	614,893
	$	123,523,439	124,157,038

(Expressed in Bahamian dollars)

23. Segment information *(continued)*

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

		2015	2014
Wholesale	$	1,839,828	6,132,482
Retail		1,370,906	4,636,085
Production		8,590,758	7,400,801
	$	11,801,492	18,169,368

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

		2015	2014
Wholesale	$	24,541,799	22,094,502
Retail		4,359,809	5,801,920
Production		32,410,798	33,670,626
Total segment assets		61,312,406	61,567,048
Unallocated		7,339,185	12,687,397
Total assets	$	68,651,591	74,254,445

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:

		2015	2014
Wholesale	$	5,333,199	5,454,177
Retail		453,825	389,034
Production		7,540,272	6,588,431
	$	13,327,296	12,431,642

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

		2015	2014
Wholesale	$	632,416	292,067
Retail		333,167	352,267
Production		1,207,628	2,113,300
	$	2,173,211	2,757,634

(Expressed in Bahamian dollars)

23. Segment information *(continued)*

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

		2015	2014
Bahamas	$	122,782,028	123,542,145
United States		741,411	614,893
	$	123,523,439	124,157,038

Included in revenues arising from direct sales from the Group's wholesale segment to its customers is $15,947,790 (2014: $18,273,423) which arose from sales to the Group's top five customers.

24. 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.

25. 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.