Dominica Brewery and Beverages Limited

Financial Statements
Year Ended December 31, 2016

Contents

REGISTERED OFFICE

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Commonwealth of Dominica

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Ramon Franco
Michael Caraballo
Marcio Juliano
Albert Porter
Norman Rolle

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Dominica Brewery and Beverages Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Dominica Brewery and Beverages Limited**, which comprise the statement of financial position as at December 31, 2016, and the statement of changes in equity, statement of profit or loss, and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Dominica Brewery and Beverages Limited** as at December 31, 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in St. Vincent and the Grenadines, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

The Engagement Partner on the audit resulting in this independent auditors' report is Floyd A. Patterson.

February 17, 2017

Dominica Brewery and Beverages Limited

Statement of Financial Position
As of December 31, 2016
(in Eastern Caribbean dollars)

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash	9	2,810,289	5,570,862
Trade and other receivables	10	1,648,086	4,106,397
Due by affiliated companies	11	44,806	102,632
Notes receivable	12	557,517	538,535
Inventories	13	3,682,155	2,501,205
		8,742,853	12,819,631
Intangible Assets	14	440,987	440,987
Property, Plant and Equipment	15	13,260,928	12,361,782
		22,444,768	25,622,400
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	16	4,380,153	3,251,055
Due to affiliated companies	17	313,504	307,812
Note payable	18	0	4,837,325
		4,693,657	8,396,192
Redeemable preference shares	19	51,500	51,500
		4,745,157	8,447,692
Shareholders' Equity			
Stated capital	20	8,392,500	8,392,500
Revaluation surplus	21	3,147,784	3,567,240
Retained earnings		6,159,327	5,214,968
		17,699,611	17,174,708
		22,444,768	25,622,400

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

APPROVED ON BEHALF OF THE BOARD:-

Michael Caraballo M.

Michael Caraballo
Director

Albert Porter
Director

Statement of Changes in Equity
For the Year Ended December 31, 2016
(in Eastern Caribbean dollars)

	Note	Issued Capital $	Revaluation Surplus $	Retained Earnings $	Total $
Balance at December 31, 2014		8,392,500	4,358,603	3,392,986	16,144,089
Profit for the year		0	0	1,030,619	1,030,619
Amortization of revaluation surplus	21	0	(791,363)	791,363	0
Balance at December 31, 2015		8,392,500	3,567,240	5,214,968	17,174,708
Profit for the year		0	0	524,903	524,903
Amortization of revaluation surplus	21	0	(419,456)	419,456	0
Balance at December 31, 2016		8,392,500	3,147,784	6,159,327	17,699,611

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

Statement of Profit or Loss
For the Year Ended December 31, 2016
(in Eastern Caribbean dollars)

	Notes	2016 $	2015 $
Sales		17,805,884	18,405,290
Direct Cost	22	(7,171,708)	(7,136,405)
Gross Profit		10,634,176	11,268,885
Other Income		206,427	206,458
Operating Profit before Overheads and Other Expenditure		10,840,603	11,475,343
Overhead Expenditure			
Salaries, wages and other employee benefits	22	(3,369,878)	(3,357,389)
Operating and maintenance	22	(1,634,813)	(1,870,441)
Administrative and other expenses	22	(688,690)	(746,850)
Selling and marketing	22	(1,204,540)	(1,138,600)
		(6,897,921)	(7,113,280)
Operating Profit before Other Expenditure		3,942,682	4,362,063
Other Expenditure			
Depreciation of property, plant and equipment	22	(2,644,023)	(2,937,047)
Loss on disposal of plant and equipment	22	(5,341)	(5,322)
Bad debts expense	22	(614,434)	(207,675)
		(3,263,798)	(3,150,044)
Operating Profit for the Year before Finance Cost		678,884	1,212,019
Finance cost		(153,981)	(181,400)
Profit for the Year		524,903	1,030,619

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

Statement of Cash Flows
For the Year Ended December 31, 2016
(in Eastern Caribbean dollars)

	Notes	2016 $	2015 $
Cash Flows from Operating Activities			
Net income for the year		524,903	1,030,619
Adjustments for			
Depreciation	15	2,644,023	2,937,047
Provision for bad debts	22	614,434	207,675
Loss on disposal of property, plant and equipment		5,341	5,322
Finance cost		153,981	181,400
Operating Income before Working Capital Changes		3,942,682	4,362,063
Decrease (increase) in trade and other receivables		1,843,877	(1,576,116)
Decrease (increase) in affiliated company receivables		57,826	(86,996)
Increase in affiliated company note receivable		(18,982)	(161,490)
(Increase) decrease in inventories		(1,180,950)	336,109
Increase in trade and other payables		1,129,098	499,268
Increase in affiliated company payables		5,692	27,233
Cash Generated from Operating Activities		5,779,243	3,400,071
Finance cost paid		(153,981)	(181,400)
Net Cash Generated by Operating Activities		5,625,262	3,218,671
Cash Flows from Investing Activities			
Purchases of property, plant and equipment	15	(3,548,510)	(1,667,234)
Net Cash Used in Investing Activities		(3,548,510)	(1,667,234)
Cash Flows from Financing Activities			
Note payable repayment		(4,837,325)	0
Increase in notes payable		0	149,566
Net Cash from (Used in) Generated from Financing Activities		(4,837,325)	149,566
Net (Decrease) Increase in Cash		(2,760,573)	1,701,003
Cash – Beginning of Year		5,570,862	3,869,859
Cash – End of Year	9	2,810,289	5,570,862

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

1. Incorporation

Dominica Brewery and Beverages Limited (the “Company”) is a limited liability company incorporated under the laws of the Commonwealth of Dominica, its place of domicile, on January 13, 1993, and carries the registration no. LC 073/99.

2. Parent Companies

The Company is an 89.43% (2014: 88%) owned subsidiary of International Brewing Limited, a company incorporated in St. Lucia. International Brewing Limited is a wholly owned subsidiary of Cerveceria Nacional Dominicana, S.A, a company incorporated in the Dominican Republic. Tenedora CND, a company incorporated in the Dominican Republic owns 99.66% (2015: 99.64%) shares of Cerveceria Nacional Dominicana, S.A. Ambev Brasil Bebidas, SA (ultimate parent company) owns 50.8% (2015: 55%) of Tenedora CND.

3. Principal Activities

The Company’s principal activities are brewing, manufacturing and merchandising of beer and other beverages.

4. Date of Authorisation for Issue

These financial statements were authorised for issue by the Board of Directors on February 17, 2017.

5. Basis of Preparation

The financial statements of Dominica Brewery and Beverages Limited have been prepared in accordance with the ‘International Financial Reporting Standard for Small and Medium-sized Entities’ (IFRS for SMEs). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company’s accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 8.

6. Summary of Accounting Policies

Cash

Cash include cash on hand and deposits held at call with banks.

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against ‘provision for bad debts’ in the statement of profit or loss and other comprehensive income.

6. Summary of Accounting Policies (Cont'd)

Financial Assets

(a) Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the reporting date, in which case, these are classified as non-current assets. The Company's loans and receivables comprise cash in banks, trade and other receivables, due from parent and due from fellow subsidiaries.

(c) Initial Recognition, Derecognition and Subsequent Measurement

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(d) Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment loss is recognised in the statement of comprehensive income and the carrying amount of the asset is reduced through the use of allowance.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a moving average basis. The cost of finished goods and work-in-process comprises raw materials, direct labour, other direct costs and related production overheads on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Property, Plant and Equipment

Land and buildings comprise mainly of manufacturing facilities, warehouse and office. Land, buildings and plant and machinery are stated at the most recent valuation less subsequent depreciation for buildings. Independent professional valuers perform valuations every five years. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they were incurred.

Land is not depreciated. No depreciation is also provided on capital work-in-progress until the assets involved have been completed and are put into use. Depreciation on other assets is calculated using the straight line method to allocate their cost or revaluation less residual values over their estimated useful lives as follows:

Buildings	-	3% - 15%
Plant and machinery	-	3% - 20%
Motor vehicles	-	20%
Furniture and equipment	-	10% - 50%
Returnable packaging	-	20% - 33 ½%

6. Summary of Accounting Policies (Cont'd)

Property, Plant and Equipment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

A gain or loss on disposal of an asset is determined by comparing proceeds with carrying amount. The gain or loss on disposal is included in the statement of profit or loss and other comprehensive income. When re-valued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

Impairment of Non-Financial Assets

Assets which have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, which represents the amount by which the asset's carrying amount exceeds its recoverable amount, is recognised in the statement of other comprehensive income. The recoverable amount is the greater of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separate identifiable cash flows (cash-generating units).

Trade and Other Payables

Trade payables are obligations to pay for either goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are recognised in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. Those are recognised initially at fair value and subsequently measured at amortised cost using effective interest. Trade and other payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities, at their present value.

Customer Deposits/Refunds

Certain products of the Company are sold in returnable containers in specified markets. The cost of returnable containers in circulation is included in property, plant and equipment. Customer deposits on returnable bottles and crates are initially recorded in accounts payable and accrued liabilities at their repurchase obligation. Each reporting date, the obligation for customers' refundable deposits is assessed by management and any difference between the carrying amounts on the assessed amount is recognised in direct costs in the statement of comprehensive income.

Related Party Relationships and Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Income Taxes

(a) Current Tax

The current income tax expense is calculated on the basis of tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred Tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary timing differences arise from depreciation on property, plant and equipment.

Share Capital

Ordinary shares are classified as equity.

6. Summary of Accounting Policies (Cont'd)

Treasury Shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in profit or loss on the repurchase, sale, issue or cancellation of the Company's own equity instruments.

Revenue and Expense Recognition

Revenue comprises the fair value of the consideration, net of discounts, received or receivable for the sale of goods in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of Goods

Revenue is recognized when the significant risks and rewards or ownership of the goods have passed to the buyer.

(b) Interest Income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign Currency Translation

(a) Functional and Presentation Currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Company's functional and presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Operating Lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Subsequent events

Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the Company's financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements, if any.

7. Financial Risk Management

Financial Risk Factors

The Company's activities expose it to a variety of financial risk: market risks (including foreign exchange, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company under policies approved by the Board of Directors. The Company identifies, evaluates and hedges financial risks in accordance with guidelines established by its Board of Directors.

(a) Market Risk

(i) Foreign Exchange Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is subject to foreign currency risk to the extent that it trades in currencies other than Eastern Caribbean currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.

At year-end, the Company's significant currency risk exposure in other currencies other than its functional currency, relate to the Barbados dollar, the United States dollar. However, as the Eastern Caribbean dollar is fixed to these currencies, management does not believe that significant foreign exchange risk exists as at December 31, 2016.

(ii) Cash Flow and Fair Value Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is not exposed to cash flow interest rate risk, as the Company does not have financial instruments with variable rates. The Company is not exposed to fair value interest rate risk, as the Company does not carry available for sale or fair value through profit or loss investments.

(iii) Price Risk

The Company is not exposed to commodity price risk.

(b) Credit Risk

Credit risk refers to risk that counterparty will cause a financial loss for the Company by failing to discharge an obligation. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

The Company's exposure to credit risk is dependent on the degree of failure of its counterparties, including its customers, bankers and other debtors, to honour their obligations. The Company sells product mainly in the Commonwealth of Dominica. The Company performs ongoing credit evaluations of customers and generally does not require collateral. Provisions are made for credit losses. The Company's credit risk is spread primarily over private sector customers.

Maximum exposure to credit risk:

	Maximum Exposure 2016 $	Maximum Exposure 2015 $
Cash	2,795,789	5,556,362
Trade and other receivables	1,648,086	4,106,397
Due by affiliated company	44,806	102,632
Note receivable	557,517	538,535
Total credit risk exposure	5,046,198	10,303,926

(c) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Company utilizes available credit facilities such as loans, overdrafts and other financing options.

In order to manage liquidity risks, management seeks to maintain levels of cash in each operating currency, which are sufficient to meet reasonable expectations of its short-term obligations. While the Company is exposed to liquidity risk at December 31, 2016, the parent company is in a position to secure funding to the Company should the need arise.

7. Financial Risk Management (Cont'd)

Financial Risk Factors (Cont'd)

(c) Liquidity Risk (Cont'd)

The table below analyses the Company's financial liabilities into relevant contractual maturity groupings as of reporting date. The amounts which are contractually due within 12 months are carried at their nominal value less applicable discounts:

	2016 $	2015 $
Amounts Due within One Year of Reporting:		
Trade and other payables	4,380,153	3,251,055
Due to affiliated companies	313,504	307,812
Note payable	0	4,837,325
	4,693,657	8,396,192

Capital Risk Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value, and comply with the capital requirements set by regulators where relevant.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2016.

Fair Value Estimation of Financial Assets and Liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value if one exists.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The carrying value of the Company's financial assets and liabilities approximate their fair values due to the short-term maturity of these items.

Fair Value Measurement of Non-Financial Assets

The fair value of the Company's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuators. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors at each reporting date. The Company's property, plant and equipment are grouped under Level 3. See Note 15.

Collateral

The Company has no pledged collateral.

8. Critical Judgements in Applying the Entity's Accounting Policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The items which may have the most effect on the Company's financial statements are set out below:

(a) Allowance for Impairment of Receivables

The allowance for impairment of receivables is based on the Company's assessment of the collectibility of payments from customers. This assessment requires judgment regarding the outcome of disputes and the ability of each of the customer to pay the amounts owed to the Company. The Company tests annually whether accounts receivable balances have suffered any impairment in accordance with the Company's accounting policy. In determining whether an impairment loss should be recorded in the statement of profit or loss, management makes judgments as to whether there is any observable data indicating that there is a measurable decrease in estimated future cash flows that can be identified with an individual customer. Management uses estimates based on historical loss experience as well as payment patterns subsequent to the year end.

(b) Repurchase Obligation

As of reporting date, the Company recognised liabilities totalling $708,734 (2015: $717,739) as a provision, based on management's best estimate based on past experiences, for deposit liabilities on crates and returnable bottles. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the statement of profit or loss in the period in which such determination is made.

(c) Valuation of Property, Plant and Equipment

The Company utilises professional valuators to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods, which are all sensitive to the underlying assumptions chosen.

(d) Estimated Useful Lives of Property, Plant and Equipment

The useful life of each of the Company's property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, or other limits on the use of the asset. It is impossible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property, plant and equipment would increase the recorded depreciation expense and decrease non-current assets.

9. Cash

	2016 $	2015
Cash on hand	14,500	14,500
Cash at banks	2,795,789	5,556,362
	2,810,289	5,570,862

Cash at banks earn no interest.

10. Trade and Other Receivables

	2016 $	2015 $
Trade receivables	1,393,578	4,208,846
Allowance for impairment of trade receivables	(310,498)	(657,962)
Trade receivables - net	1,083,080	3,550,884
Other receivables	541,838	541,038
Prepayments	23,168	14,475
	1,648,086	4,106,397

10. Trade and Other Receivables (Cont'd)

As at reporting date, trade receivables having a nominal value of $310,498 (2015: $657,962) were impaired and fully provided for. Movements in the allowance for impairment of receivables are as follows:

	2016 $	2015 $
As at beginning of year	657,962	422,962
Allowance for bad debts for the year	617,639	235,000
Write-offs	(965,103)	0
At end of year	310,498	657,962

The aging analysis of trade receivables is as follows: -

	2016 $	2015 $
Neither past due nor impaired	897,105	1,489,794
Greater than 0 days but less than 15 days	34,286	531,585
Greater than 15 days but less than 60 days	126,954	970,358
Greater than 60 days	335,233	1,217,109
	1,393,578	4,208,846

The trade and other receivables are denominated in the following currencies: -

	2016 $	2015 $
Eastern Caribbean currency	909,751	2,523,851
United States currency	738,335	1,582,546
	1,648,086	4,106,397

Trade and other receivables are distributed over the following geographical regions: -

	2016 $	2015 $
Commonwealth of Dominica	909,751	2,416,519
Other Caricom countries	738,335	1,689,878
	1,648,086	4,106,397

11. Due by Affiliated Companies

	2016 $	2015 $
Cerveceria Nacional Dominicana	0	62,228
St. Vincent Brewery Limited	44,806	40,404
	44,806	102,632

The amounts due by affiliated companies are unsecured, non-interest bearing and collectible within 30 days. The amounts due by affiliated companies are denominated in Eastern Caribbean currency.

12. Notes Receivable

	2016 $	2015 $
International Brewing Limited note, bears interest at LIBOR plus 3%, payable quarterly with maturity of August 31, 2017	493,410	493,410
Interest receivable thereon	64,107	45,125
	557,517	538,535

The note receivable from parent company, is unsecured and is denominated in Eastern Caribbean currency.

13. Inventories

	2016 $	2015 $
Raw materials and consumables	1,311,014	1,062,720
Spares	1,708,572	1,098,727
Finished goods	511,806	485,643
Work-in-progress	105,361	110,450
Goods in transit	500,914	199,177
	4,137,667	2,956,717
Less: allowance for obsolescence	(455,512)	(455,512)
	3,682,155	2,501,205

14. Intangible Assets

	2016 $	2015 $
At purchase price	784,597	784,597
Less: allowance for impairment	(343,610)	(343,610)
	440,987	440,987

Intangible asset which represents goodwill in an acquired business interest, Emeral Corporation Limited, is carried at cost less any assessed impairment in value. Each reporting date, the intangible asset is assessed for any impairment in value.

15. Property, Plant and Equipment

	Land and Building $	Plant and Machinery $	Furniture and Equipment $	Motor Vehicles $	Construction -in- Progress $	Total $
At January 1, 2015						
Cost or valuation	5,094,551	9,605,374	4,770,506	1,191,993	226,015	20,888,439
Accumulated depreciation	(562,527)	(3,980,204)	(1,952,897)	(755,894)	0	(7,251,522)
Net Book Amount	4,532,024	5,625,170	2,817,609	436,099	226,015	13,636,917
Year Ended December 31, 2015						
Opening net book amount	4,532,024	5,625,170	2,817,609	436,099	226,015	13,636,917
Additions/Reclassification	62,924	143,835	1,684,262	0	(223,787)	1,667,234
Disposals	0	0	(5,322)	0	0	(5,322)
Depreciation	(147,652)	(1,055,981)	(1,550,939)	(182,475)	0	(2,937,047)
Closing Net Book Amount	4,447,296	4,713,024	2,945,610	253,624	2,228	12,361,782
At December 31, 2015						
Cost or valuation	5,157,475	9,749,209	6,423,872	1,191,993	2,228	22,524,777
Accumulated depreciation	(710,179)	(5,036,185)	(3,478,262)	(938,369)	0	(10,162,995)
Net Book Amount	4,447,296	4,713,024	2,945,610	253,624	2,228	12,361,782
Year Ended December 31, 2016						
Opening net book amount	4,447,296	4,713,024	2,945,610	253,624	2,228	12,361,782
Additions/Reclassification	0	265,396	1,891,455	0	1,391,659	3,548,510
Disposals	0	0	(68,767)	0	(92,297)	161,064
Depreciation	(150,274)	(556,898)	(1,829,812)	(107,039)	0	(2,644,023)
Accumulated depreciation on disposals	0	0	63,426	0	92,297	155,723
Closing Net Book Amount	4,297,022	4,421,522	3,001,912	146,585	1,393,887	13,260,928
At December 31, 2016						
Cost or valuation	5,157,475	10,014,605	8,246,560	1,191,993	1,393,887	25,912,223
Accumulated	(860,453)	(5,593,083)	(5,244,648)	(1,045,408)	0	(12,651,295)
Net Book Amount	4,297,022	4,421,522	3,001,912	146,585	1,393,887	13,260,928

The property, plant and equipment were re-valued on January 31, 2011 on an open market basis by Organizacion Levin S.A., Argentina branch (see Note 21).

If the re-valued property, plant and equipment were stated on the historical cost basis, the amounts would be as follows: -

	Land and Building $	Plant and Machinery $	Furniture and Equipment $	Motor Vehicles $	Construction -in- Progress $	Total $
Cost	4,082,986	3,435,140	8,646,133	788,957	1,393,887	18,347,103
Accumulated depreciation	(675,229)	(1,671,710)	(5,244,648)	(642,371)	0	(8,233,958)
At December 31, 2016	3,407,757	1,763,430	3,401,485	146,586	1,393,887	10,113,145

15. Property, Plant and Equipment (Cont'd)

	Land and Building $	Plant and Machinery $	Furniture and Equipment $	Motor Vehicles $	Construction -in- Progress $	Total $
Cost	4,020,062	3,025,908	5,170,079	881,254	2,228	13,099,531
Accumulated depreciation	(440,138)	(1,137,357)	(1,952,897)	(514,611)	0	(4,045,003)
At December 31, 2015	3,579,924	1,888,551	3,217,182	366,643	2,228	9,054,528

16. Trade and Other Payables

	2016 $	2015 $
Trade payables	1,154,642	1,122,371
Accrued expenses	836,667	851,673
Repurchase obligation	708,440	717,739
Other payables	1,680,404	559,272
	4,380,153	3,251,055

The carrying amounts of the Company's trade and other payables are denominated in the following currencies: -

	2016 $	2015 $
Eastern Caribbean currency	2,921,969	2,117,068
United States currency	1,445,033	1,042,838
Barbados currency	679	79,210
Euro currency	12,472	11,939
	4,380,153	3,251,055

17. Due to Affiliated Companies

	2016 $	2015 $
St. Vincent Brewery Limited	220,128	54,213
Cerveceria Nacional Dominicana	93,376	253,599
	313,504	307,812

The amounts due to affiliated companies are unsecured, non-interest bearing and payable within 30 days. The amounts due to affiliated companies are denominated in Eastern Caribbean currency and United States currency respectively.

18. Note Payable

	2016 $	2015 $
Note payable, bearing interest at LIBOR plus 3%, payable quarterly with maturity of November 2016	0	4,661,516
Interest payable thereon	0	175,809
	0	4,837,325

On November 14, 2014, Cerveceria Nacional Dominicana provided a short-term loan facility to the company in the amount of US$1,715,749 to repay a loan from the Bank of Nova Scotia. The note payable is unsecured and denominated in United States currency.

19. Redeemable Preference Shares

	2016 $	2015 $
Authorised	20,000	20,000
Issued and Fully Paid		
1,195 6% redeemable non-voting preference shares of no par value	51,500	51,500

As of December 31, 2016, the Company has 9,485 (2015: 9,485) treasury preference shares.

20. Stated Capital

	2016 $	2015 $
Authorised	Unlimited	Unlimited
Issued and Fully Paid		
208,791 common shares of no par value	8,392,500	8,392,500

As of December 31, 2016, the Company had 6,075 (2015: 6,075) ordinary treasury shares.

21. Revaluation Surplus

	Land and Building $	Plant And Machinery $	Motor Vehicle $	Total $
At December 31, 2014				
Revaluation reserve	1,074,489	6,179,893	310,739	7,565,121
Accumulated amortization	(153,930)	(3,555,100)	(288,851)	(3,997,881)
At December 31, 2015	920,559	2,624,793	21,888	3,567,240
At December 31, 2015				
Revaluation reserve	1,074,489	6,179,893	310,739	7,565,121
Accumulated amortization	(185,224)	(3,921,374)	(310,739)	(4,417,337)
At December 31, 2016	889,265	2,258,519	0	3,147,784

The amortization for 2016 amounts to $419,456 (2015: $791,363).

The property, plant and equipment were re-valued on January 31, 2011, on an open market basis by Organizacion Levin S.A., Argentina branch (see Note 15). The revaluation reserve, on depreciable assets, is amortized to retained earnings over the life of the property, plant and equipment. The revaluation reserve on land will be transferred to retained earnings when the land is sold.

22. Expenses by Nature

	2016 $	2015 $
Cost of goods sold	7,171,708	7,136,405
Salaries, wages and related party employee benefits (Note 23)	3,369,878	3,357,389
Depreciation (Note 15)	2,644,023	2,937,047
Office, administrative and other expenses	2,118,594	1,935,453
Selling and marketing	1,204,540	1,138,600
Provision for bad debts	614,434	207,675
Provision for spares obsolescence	0	455,512
Security	154,202	160,600
Legal and professional fees	45,729	58,877
Insurance	10,319	12,171
Total Direct Cost, Overhead and Other Expenditures	17,333,427	17,399,729

23. Employee Benefit Expenses

	2016 $	2015 $
Salaries and wages	2,486,622	2,633,798
Other benefits	883,256	723,591
	3,369,878	3,357,389

24. Taxation

The cabinet Decision No. 729 dated August 20, 22, 24, and 28, 2007, the Company was granted the following concessions under the Fiscal Incentives Act, Chapter 84:51 of the Laws of the Commonwealth of Dominica:

a) Exemption from the payment of import duty on all machinery, equipment and spare parts, including office equipment for fifteen (15) years;

b) Exemption from the payment of income tax on profits of the operations for fifteen (15) years; and

c) Waiver of withholding tax on interest payable on foreign loans for a period of fifteen (15) years.

On March 25, 2015, under the Fiscal Incentives Act, Chapter 84:51, the Company was granted the following concession:

a) Exemption from payment of import duty on raw and packaging materials for a period of ten (10) years.

On July 29, 2015, under the Fiscal Incentives Act, Chapter 84:51, the Company was granted the following concession:

a) Exemption from payment on import duty on laboratory equipment and cleaning supplies for a period of five (5) years

25. Related Party Transactions

In the normal course of business, the company purchase goods and services and less goods to related parties on an arms length basis. The following summarises company transactions with its related parties:

	2016 $	2015 $
Purchases and Technical Services Rendered from:		
St. Vincent Brewery Limited	568,118	519,201
Expenses Recharged by:		
St. Vincent Brewery Limited	131,984	183,175
Cerveceria Nacional Dominicana, C.S.A.	117,756	168,055
	249,740	351,230
Interest Charged by:		
Cerveceria Nacional Dominicana, C.S.A.	105,093	149,566
Interest Charged to:		
International Brewing Limited	18,732	37,244

	2016 $	2015 $
Key Management Compensation		
Salaries and wages	252,278	289,438
Other benefits	16,475	23,554
	268,753	312,992

26. Capital Commitments and Contingencies

Capital Commitments

As of reporting date, the Board of Directors approved capital expenditure amounting to $2.6 million (2015: $2.3 million).